

CONFIRMATION OF RESPONSIBLE PERSONS

August 23, 2013 Vilnius

Referring to the provisions of the Article 22 of the Law on Securities of the Republic of Lithuania and the Rules for the Drawing up and Submission of the Periodic and Additional Information of the Securities Commission of the Republic of Lithuania, we, the undersigned Virgilijus Poderys, Chief Executive Officer, Vytautas Tauras, Director of Finance Department and Svetlana Sokolskytė, Chief Financier-Accounting Division Manager of LITGRID AB, hereby confirm that, to the best of our knowledge, the unaudited consolidated interim financial information of LITGRID AB for the period ended 30 June 2013 is prepared in accordance with the International Financial Reporting Standards adopted by the European Union, give a true and fair view of the LITGRID AB and consolidated group assets, liabilities, financial position, profit (losses) and cash flows for the relevant period, the Consolidated Interim Report for the first half 2013 includes a fair review of the development and performance of the business.

Chief Executive Officer



Virgilijus Poderys

Vytautas Tauras



Director of Finance Department

Chief Financier



Svetlana Sokolskytė

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LITGRID AB

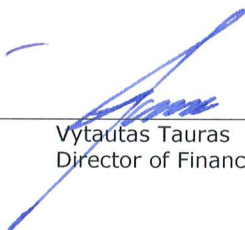
CONSOLIDATED AND THE COMPANY'S CONDENSED INTERIM
FINANCIAL INFORMATION FOR A SIX-MONTH PERIOD
ENDED 30 JUNE 2013, PREPARED ACCORDING TO
INTERNATIONAL FINANCIAL REPORTING STANDARDS,
AS ADOPTED BY THE EUROPEAN UNION, PRESENTED TOGETHER
WITH AN INDEPENDENT AUDITOR'S REVIEW REPORT

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The condensed interim financial information was signed on 23 August 2013.



Virgilijus Poderys
Chief Executive Officer



Vytautas Tauras
Director of Finance Department



Svetlana Sokolskytė
Chief Financier

Independent auditor's report on the review of condensed interim financial information to the shareholders of AB LITGRID

Introduction

We have reviewed the accompanying condensed interim statement of financial position of AB LITGRID, a public limited liability company registered in the Republic of Lithuania (hereinafter the Company), and the consolidated condensed interim statement of financial position of AB LITGRID and its subsidiaries (hereinafter the Group), as of 30 June 2013 and the related Company's and consolidated condensed interim statements of comprehensive income, changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Financial Reporting Standards as adopted by the European Union applicable to interim financial reporting (IAS 34 "Interim financial reporting"). Our responsibility is to express a conclusion on this Company's and consolidated condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

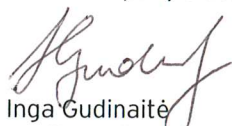
Basis for Qualified Conclusion

According to the Company's and the Group's accounting policy, property, plant and equipment should be carried at revaluated amounts (being their fair values as of the date of revaluation less subsequent accumulated depreciation and impairment losses) and are subject to an impairment test when impairment indications exist. As explained in Note 3.2 and Note 4 to the accompanying condensed interim financial information, the amendments to the legislation may have had a significant adverse impact on the fair value and recoverable amount of the Company's and the Group's assets. Since further significant changes are expected in the regulatory environment in the nearest future, the Company's and the Group's management decided not to reassess the fair values of the property, plant and equipment with the carrying amounts of LTL 1 952 million and LTL 1 954 million in the separate and in the consolidated statement of financial position, respectively as of 30 June 2013 (LTL 1 975 million and LTL 1 977 million, respectively, as of 31 December 2012) and not to carry out an impairment test. Consequently we are unable to determine if any adjustments are required to the carrying value of the property, plant and equipment reported in the Company's and consolidated condensed interim financial information.

Qualified Conclusion

Based on our review, except for the possible effect of the matter discussed in section *Basis for Qualified Conclusion*, nothing has come to our attention that causes us to believe that the accompanying Company's and Group's interim condensed financial information is not prepared, in all material respects, in accordance with International Financial Reporting Standards as adopted by the European Union applicable to interim financial reporting (IAS 34 "Interim financial reporting").

UAB ERNST & YOUNG BALTIC
Audit company's license No. 001335


Inga Gudinaite
Auditor's license
No. 000366

The audit was completed on 23 August 2013.

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2013

(All amounts in LTL thousand unless otherwise stated)

	Note	Group As of 30 June 2013 (unaudited)	Company As of 30 June 2013 (unaudited)	Group As of 31 December 2012	Company As of 31 December 2012
Non-current assets:					
Intangible assets		1,683	1,415	1,749	1,432
Property, plant and equipment	4	1,955,389	1,952,117	1,978,378	1,974,781
Prepayments for property, plant, equipment		125,644	125,644	110,510	110,510
Investments in subsidiaries	5	-	15,360	-	8,608
Investments in associates and jointly controlled entities	5	16,727	16,601	16,052	16,601
Deferred income tax assets		587	-	218	-
Available-for-sale financial assets		7,722	7,722	7,722	7,722
Total non-current assets		2,107,752	2,118,859	2,114,629	2,119,654
Current assets:					
Inventories		10,606	2,961	14,003	2,438
Prepayments		949	649	351	106
Trade receivables		58,129	46,076	72,156	51,646
Other accounts receivable	6	105,549	42,498	97,034	95,844
Other financial assets	7	50,388	7,679	63,490	62,312
Held-to-maturity investments	8	70,000	70,000	-	-
Cash and cash equivalents	9	80,215	79,106	127,387	126,097
Total current assets		375,836	248,969	374,421	338,443
Non-current assets held for sale	5	-	-	5,620	4,731
TOTAL ASSETS		2,483,588	2,367,828	2,494,670	2,462,828
EQUITY AND LIABILITIES					
Capital and reserves :					
Share capital		504,331	504,331	504,331	504,331
Share premium		29,621	29,621	29,621	29,621
Revaluation reserve		236,310	235,931	246,582	246,339
Legal reserve		50,467	50,433	50,464	50,433
Other reserves		654,654	654,654	654,738	654,654
Retained earnings		33,817	41,477	44,742	47,160
Equity attributable to the shareholders of the parent company		1,509,200	1,516,447	1,530,478	1,532,538
Non-controlling interest		377	-	4,390	-
Total equity		1,509,577	1,516,447	1,534,868	1,532,538
Non-current liabilities :					
Grants	10	365,795	365,795	304,971	304,971
Non-current borrowings	11	117,395	117,395	138,112	138,112
Deferred income		13,662	13,662	13,990	13,990
Other non-current accounts payable and liabilities		6,291	6,100	6,291	6,100
Deferred income tax liabilities		159,996	159,996	166,775	166,775
Total non-current liabilities		663,139	662,948	630,139	629,948
Current liabilities :					
Current portion of non-current borrowings and other current borrowings	11	49,313	41,434	45,956	41,434
Trade payables		88,855	82,979	102,618	83,931
Advance amounts received		7,296	6,955	3,397	2,571
Income tax payable		19,179	19,179	10,430	10,430
Other accounts payable	12	146,229	37,886	167,262	161,976
Total current liabilities		310,872	188,433	329,663	300,342
Total liabilities		974,011	851,381	959,802	930,290
TOTAL EQUITY AND LIABILITIES		2,483,588	2,367,828	2,494,670	2,462,828

The accompanying notes are an integral part of this condensed interim financial information.

CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE INCOME

FOR A SIX-MONTH PERIOD ENDED 30 JUNE 2013

(All amounts in LTL thousand unless otherwise stated)

	Notes	Group January- June 2013 (unaudited)	Company January- June 2013 (unaudited)	Group January- June 2012 (unaudited)	Company January- June 2012 (unaudited)
Revenue					
Sales of electricity and related services	15	223,884	223,634	209,895	209,710
Other revenue		33,767	3,372	24,949	3,692
Total revenue		257,651	227,006	234,844	213,402
Operating expenses					
Purchase of electricity and related services		(96,955)	(97,013)	(106,440)	(107,368)
Depreciation and amortisation	4	(65,671)	(64,967)	(63,073)	(62,437)
Wages and salaries and related expenses		(17,818)	(8,679)	(17,272)	(8,150)
Repair and maintenance expenses		(5,197)	(8,830)	(6,501)	(10,047)
Telecommunications and IT systems expenses		(7,110)	(6,776)	(7,229)	(6,615)
Write-off of property, plant and equipment	13	(3,945)	(3,945)	(93)	(93)
Other expenses	14	(33,229)	(6,532)	(22,732)	(5,257)
Total operating expenses		(229,925)	(196,742)	(223,340)	(199,967)
OPERATING PROFIT (LOSS)		27,726	30,264	11,504	13,435
Income from disposal of associate	5	2,403	3,294	-	-
Income from financial activities		101	95	1,952	1,841
Expenses from financial activities		(55)	(6)	(222)	(219)
Income (expenses) from financial and investment activities, net		2,449	3,383	1,730	1,622
Share of profit/(loss) of associates and jointly controlled entities		675	-	20	-
Gain on change in ownership interest in associate		-	-	232	-
		675	-	252	-
PROFIT (LOSS) BEFORE INCOME TAX		30,850	33,647	13,486	15,057
Current year income tax expense		(11,538)	(11,517)	(8,196)	(8,179)
Deferred tax income (expense)		7,149	6,779	5,964	5,958
		(4,389)	(4,738)	(2,232)	(2,221)
NET PROFIT (LOSS) FOR THE YEAR		26,461	28,909	11,254	12,836
Other comprehensive income		-	-	-	-
COMPREHENSIVE INCOME (LOSS)		26,461	28,909	11,254	12,836
NET PROFIT (LOSS) ATTRIBUTABLE TO :					
Owners of the Company		26,589	28,909	11,779	12,836
Non-controlling interest		(128)	-	(525)	-
		26,461	28,909	11,254	12,836
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:					
Owners of the Company		26,589	28,909	11,779	12,836
Non-controlling interest		(128)	-	(525)	-
		26,461	28,909	11,254	12,836
Basic and diluted earnings (deficit) per share (in LTL)	17	0.05	-	0.02	-

The accompanying notes are an integral part of this condensed interim financial information.

CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE INCOME
FOR A THREE-MONTH PERIOD ENDED 30 JUNE 2013
(All amounts in LTL thousand unless otherwise stated)

Notes	Group April-June 2013 (unaudited)	Company April-June 2013 (unaudited)	Group April-June 2012 (unaudited)	Company April-June 2012 (unaudited)
Revenue				
Sales of electricity and related services	119,016	109,415	94,137	94,040
Other revenue	17,896	1,640	16,232	1,866
Total revenue	136,912	111,055	110,369	95,906
Operating expenses				
Purchase of electricity and related services	(61,222)	(51,794)	(51,614)	(52,042)
Depreciation and amortisation	(32,793)	(32,443)	(31,568)	(31,231)
Wages and salaries and related expenses	(9,169)	(4,301)	(9,280)	(4,226)
Repair and maintenance expenses	(2,962)	(4,698)	(4,633)	(6,919)
Telecommunications and IT systems expenses	(3,438)	(3,276)	(3,486)	(3,129)
Write-off of property, plant and equipment	(3,200)	(3,200)	-	-
Other expenses	(17,181)	(3,383)	(15,099)	(2,712)
Total operating expenses	(129,965)	(103,095)	(115,680)	(100,259)
OPERATING PROFIT (LOSS)	6,947	7,960	(5,311)	(4,353)
Income from financial activities	14	10	965	917
Expenses from financial activities	(30)	(3)	(220)	(217)
Income (expenses) from financial and investment activities, net	(16)	7	745	700
Share of profit/(loss) of associates and jointly controlled entities	425	-	74	-
Gain on change in ownership interest in associate	-	-	(248)	-
	425	-	(174)	-
PROFIT (LOSS) BEFORE INCOME TAX	7,356	7,967	(4,740)	(3,653)
Current year income tax expense	(4,832)	(4,832)	(2,350)	(2,353)
Deferred tax income (expense)	3,904	3,534	2,995	3,014
	(928)	(1,298)	645	661
NET PROFIT (LOSS) FOR THE YEAR	6,428	6,669	(4,095)	(2,992)
Other comprehensive income	-	-	-	-
COMPREHENSIVE INCOME (LOSS)	6,428	6,669	(4,095)	(2,992)
NET PROFIT (LOSS) ATTRIBUTABLE TO :				
Owners of the Company	6,487	6,669	(3,902)	(2,992)
Non-controlling interest	(59)	-	(193)	-
	6,428	6,669	(4,095)	(2,992)
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	6,487	6,669	(3,902)	(2,992)
Non-controlling interest	(59)	-	(193)	-
	6,428	6,669	(4,095)	(2,992)
Basic and diluted earnings (deficit) per share (in LTL)	0.01	-	(0.01)	-

The accompanying notes are an integral part of this condensed interim financial information.

CONDENSED INTERIM STATEMENTS OF CASH FLOWS
FOR A SIX-MONTH PERIOD ENDED 30 JUNE 2013

(All amounts in LTL thousand unless otherwise stated)

	Note	Group January-June 2013 (unaudited)	Company January-June 2013 (unaudited)	Group January-June 2012 (unaudited)	Company January-June 2012 (unaudited)
Cash flows from operating activities					
Net profit (loss)		26,461	28,909	11,254	12,836
Reversal of non-monetary expenses (income) and other adjustments					
Depreciation and amortisation expenses	4	66,525	65,821	63,928	63,292
Impairment of property, plant and equipment		28	28	-	-
Share of profit/(loss) of associates and jointly controlled entities		(675)	-	(20)	-
Gain on change in ownership interest in associate		-	-	(232)	-
(Gain) on disposal of associate	5	(2,405)	(3,294)	-	-
Income tax expense/(income)		4,389	4,738	2,232	2,221
Loss on write-off of property, plant and equipment	4	4,249	4,249	93	93
(Depreciation) of grants	6	(854)	(854)	(856)	(856)
Interest income		(788)	(786)	(1,893)	(1,806)
Expenses from financial activity		996	952	163	184
Changes in working capital					
Decrease (increase) in trade receivables and other receivables		5,429	61,674	7,749	1,597
Decrease (increase) in inventories and prepayments		2,799	(1,066)	(5,002)	2,068
(Decrease) increase in accounts payable, grants and advance amounts received		(24,219)	(117,121)	26,045	31,123
Change in other financial assets		13,102	54,633	(38,788)	(38,788)
Adjusted cash flows from operating activities		95,037	97,883	64,673	71,964
Income tax paid		(2 930)	(2 768)	(1 182)	(1 003)
Net cash flows from operating activities		92,107	95,115	63,491	70,961
Cash flows from investment activities					
(Purchase) of property, plant and equipment and intangible assets		(66,864)	(66,376)	(42,079)	(41,614)
Grants received	6	58,695	58,695	50,582	50,582
Interest received		1,012	1,011	3,173	3,086
Investments in time deposits		-	-	115,079	115,079
(Purchase)/Disposal of held-to-maturity investments		(70,000)	(70,000)	21,539	21,539
Disposal (purchase) of subsidiary (associate)	5	1,273	1,273	-	-
Other		-	-	(163)	(184)
Net cash flows from investment activities		(75,883)	(75,397)	148,131	148,488
Cash flows from financing activities					
Received loans		-	-	2,285	-
Repayment of loans		(20,717)	(20,717)	-	-
Overdraft		3,357	-	-	-
Interest paid		(996)	(952)	-	-
Dividends paid		(45,040)	(45,040)	(190,857)	(190,857)
Net cash flows from financing activities		(63,396)	(66,709)	(188,572)	(190,857)
Net (decrease) increase in cash and cash equivalents		(47,172)	(46,991)	23,050	28,592
Cash and cash equivalents at the beginning of the period		127,387	126,097	65,185	57,131
Cash and cash equivalents at the end of the period		80,215	79,106	88,235	85,723

The accompanying notes are an integral part of this condensed interim financial information.

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

FOR A SIX-MONTH PERIOD ENDED 30 JUNE 2013

(All amounts in LTL thousands unless otherwise stated)

Group	Note	Equity attributable to owners of the Company							Non-controlling interest	Total equity
		Share capital	Share premium	Revaluation reserve	Legal reserve	Other reserves	Retained earnings	Total		
Balance at 1 January 2012		504,331	29,621	267,179	50,477	979,738	63,942	1,895,288	4,253	1,899,541
Comprehensive income										
Net profit (loss)		-	-	-	-	-	11,779	11,779	(525)	11,254
Depreciation of revaluation reserve and amounts written off		-	-	(10,070)	-	-	10,070	-	-	-
Total comprehensive income (loss)		-	-	(10,070)	-	-	21,849	11,779	(525)	11,254
Transfers to retained earnings		-	-	-	(44)	(325,000)	325,044	-	-	-
Transfers to reserves		-	-	-	32	-	(32)	-	-	-
Dividends		-	-	-	-	-	(390,857)	(390,857)	-	(390,857)
Balance at 30 June 2012 (unaudited)		504,331	29,621	257,109	50,465	654,738	19,946	1,516,210	3,728	1,519,938
Balance at 1 January 2013		504,331	29,621	246,582	50,464	654,738	44,742	1,530,478	4,390	1,534,868
Comprehensive income										
Net profit (loss)		-	-	-	-	-	26,589	26,589	(128)	26,461
Depreciation of revaluation reserve and amounts written off		-	-	(10,426)	-	-	10,426	-	-	-
Total comprehensive income (loss) for the year		-	-	(10,426)	-	-	37,015	26,589	(128)	26,461
Change in ownership interest in subsidiary	5	-	-	154	-	-	(3,021)	(2,867)	(3,885)	(6,752)
Transfers to retained earnings		-	-	-	-	(126)	126	-	-	-
Transfers to reserves		-	-	-	3	42	(45)	-	-	-
Dividends		-	-	-	-	-	(45,000)	(45,000)	-	(45,000)
Balance at 30 June 2013 (unaudited)		504,331	29,621	236,310	50,467	654,654	33,817	1,509,200	377	1,509,577

Company	Note	Share capital	Share premium	Revaluation reserve	Legal reserve	Other reserves	Retained earnings	Total
		Share capital	Share premium	Revaluation reserve	Legal reserve	Other reserves	Retained earnings	Total
Balance at 1 January 2012		504,331	29,621	266,960	50,433	979,654	66,951	1,897,950
Comprehensive income								
Net profit (loss)		-	-	-	-	-	12,836	12,836
Depreciation of revaluation reserve and amounts written off		-	-	(10,061)	-	-	10,061	-
Total comprehensive income (loss)		-	-	(10,061)	-	-	22,897	12,836
Transfers to retained earnings		-	-	-	-	(325,000)	325,000	-
Dividends		-	-	-	-	-	(390,857)	(390,857)
Balance at 30 June 2012 (unaudited)		504,331	29,621	256,899	50,433	654,654	23,991	1,519,929
Balance at 1 January 2013		504,331	29,621	246,339	50,433	654,654	47,160	1,532,538
Comprehensive income								
Net profit (loss)		-	-	-	-	-	28,909	28,909
Depreciation of revaluation reserve and amounts written off		-	-	(10,408)	-	-	10,408	-
Total comprehensive income (loss)		-	-	(10,408)	-	-	39,317	28,909
Dividends		-	-	-	-	-	(45,000)	(45,000)
Balance at 30 June 2013 (unaudited)		504,331	29,621	235,931	50,433	654,654	41,477	1,516,447

The accompanying notes are an integral part of this condensed interim financial information.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR A SIX-MONTH PERIOD ENDED 30 JUNE 2013
(All amounts in LTL thousand unless otherwise stated)

1. General information

LITGRID AB is a public company registered in the Republic of Lithuania. The address of its registered office is: A. Juozapavičiaus g. 13, LT-09311, Vilnius, Lithuania. LITGRID AB (hereinafter LITGRID or "the Company") is a limited liability profit-making entity established as a result of spin-off of Lietuvos Energija AB operations based on the decision of the Extraordinary General Meeting of Shareholders of Lietuvos Energija AB dated 28 October 2010 which was passed to approve the spin-off of Lietuvos Energija AB. The Company was registered with the Register of Legal Entities managed by the public institution Registrų Centras on 16 November 2010. The Company's code is 302564383; VAT payer's code is LT100005748413.

LITGRID is an operator of electricity transmission system operating electricity transmissions in the territory of Lithuania and ensuring the stability of operation of the whole electric power system. In addition, the Company is responsible for the integration and development of the Lithuanian electricity market, as well as for the maintenance and development of electricity transmission network – the strategic projects for electricity interconnections with Sweden and Poland that will ensure the country's energetic independence.

The principal objectives of the Company's activities include ensuring the stability and reliability of electric power system in the territory of Lithuania within its areas of competence, creation of objective and non-discriminatory conditions for the use of the transmission networks, management, use and disposal of electricity transmission system assets and its appurtenances, management of companies owing electricity interconnections with other countries or those that develop, manage, use or dispose them.

On 24 February 2011, the Company was granted a license of the electricity transmission system operator by the National Control Commission for Prices and Energy (the Commission), which is effective starting 1 March 2011.

With effect from 18 June 2012, LITGRID organises an additional trade session for electricity market participants as stipulated in the Electricity Trading Rules approved by the Order of the Lithuanian Minister of Energy.

The Company was responsible for carrying out the function of the administrator of public service obligation (hereinafter "PSO") services in the electricity sector from 24 February 2011. Under Resolution No. 1338 of 7 November 2012 of the Lithuanian Government the Company's subsidiary BALTPool UAB was assigned with the responsibility to carry out the function of the administrator of PSO services in the electricity sector. Following the provisions of the mentioned resolution, the Company ceases its activities as an PSO services administrator with effect from 1 January 2013, however, the Company collects the PSO funds from entities connected to the power transmission grid and transfers them to BALTPool UAB - the administrator of PSO funds according to Resolution of the Government of the Republic of Lithuania No 1157 of 19 September 2012 "Procedure for the Administration of the Public Interest Service Funds in the Power Sector".

As at 30 June 2013 and 31 December 2012, the authorised share capital of the Company amounted to LTL 504,331,380 and was divided into 504,331,380 ordinary registered shares with par value of LTL 1 each. All shares are fully paid.

As at 30 June 2013 and 31 December 2012, the Company's shareholders were as follows:

	Ownership interest (in LTL)	Number of shares held (%)
UAB „EPSO-G“	491,736,153	97.5 %
Other shareholders	12,595,227	2.5 %
Total	504,331,380	100 %

The ultimate controlling shareholder of UAB „EPSO-G“ is the Ministry of Energy of the Republic of Lithuania.

The shares of the Company are listed on the NASDAQ OMX Vilnius Stock Exchange.

As of the date of this condensed interim financial information the Group included LITGRID and its directly controlled subsidiaries, which are listed below.

Company	Address of the company's registered office	The Group's shareholding at 30 June 2013	The Group's shareholding at 31 December 2012	Profile of activities
BALTPool UAB	A. Juozapavičiaus str. 13, Vilnius, Lithuania	67%	67%	Electricity market operator and natural gas, supporting instruments as well as biofuel market operator
TETAS UAB	Senamiesčio str. 102B, Panevėžys, Lithuania	100%	61%	Transformer substation, distribution station design, construction, repair and maintenance services

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1. General information (continued)

The structure of the Group's investments in the associates and the jointly controlled entity as at 30 June 2013 and 31 December 2012 was as follows:

Company	Address of the company's registered office	The Group's shareholding at 30 June 2013	The Group's shareholding at 31 December 2012	Profile of activities
Technologijų ir Inovacijų Centras UAB	Žvejų str. 14, Vilnius, Lithuania	20 %	20%	IT services
Elektros Tinklo Paslaugos UAB	Motorų str. 2, Vilnius, Lithuania	-	25%	Power network and related equipment repair, maintenance and construction services
LitPol Link Sp.z.o.o	Wojciecha Gorskiego 900-033 Warsaw, Poland	50 %	50%	Designing of electricity transmission interconnection facilities

As at 30 June 2013, the Group had 675 employees (31 December 2012: 701 employees), whereas, the Company had 220 employees (31 December 2012: 203 employees).

2. Basis of preparation

The Company's separate and the Group's consolidated condensed interim financial information as of 30 June 2013 has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and applicable to interim financial reporting (International Accounting Standard (IAS) 34, 'Interim financial reporting').

This condensed interim financial information should be read together with the annual financial statements for the year ended 31 December 2012, which have been prepared in accordance with IFRS as adopted by the EU.

This condensed interim financial information has been prepared on a historical cost basis, except for property, plant and equipment which is recorded at revalued amount, less accumulated depreciation and estimated impairment loss, and available-for-sale financial assets which are carried at fair value.

The condensed interim financial information for the 6 month period ended 30 June was reviewed, not audited.

The financial year of the Company and other Group companies coincides with the calendar year.

3. Accounting policies

The accounting policies applied in the preparation of this condensed interim financial information, except for the ones described in the section *New standards, amendments and interpretations* below, are consistent with those of the annual financial statements for the year ended 31 December 2012.

3.1. New standards, amendments and interpretations

Adoption of new and/or changed IFRS and International Financial Reporting Interpretations Committee (IFRIC) interpretations

During this reporting period the Group and the Company have adopted the following IFRS amendments:

- IAS 1 *Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income*;
- IAS 19 *Employee Benefits*;
- IAS 32 *Financial instruments: Presentation*;
- IFRS 7 *Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities*;
- IFRS 13 *Fair Value Measurement*.

The adoption of these amendments did not have significant impact on the financial position as of 30 June 2013 and/or performance of the Group and the Company.

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3.1. New standards, amendments and interpretations (continued)

Standards issued but not yet effective

The Group and the Company have not applied the following IFRS and IFRIC interpretations that have been issued as of the date of authorisation of these financial statements for issue, but which are not yet effective:

Amendment to IAS 27 *Separate Financial Statements* (effective for financial years beginning on or after 1 January 2014)

As a result of the new standards IFRS 10, IFRS 11 and IFRS 12 this standard was amended to contain accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. IAS 27 *Separate Financial Statements* requires an entity preparing separate financial statements to account for those investments at cost or in accordance with IFRS 9 *Financial Instruments*. The Group and the Company have not yet evaluated the impact of the implementation of this amendment.

Amendment to IAS 28 *Investments in Associates and Joint Ventures* (effective for financial years beginning on or after 1 January 2014)

As a result of the new standards IFRS 10, IFRS 11 and IFRS 12 this standard was renamed and addresses the application of the equity method to investments in joint ventures in addition to associates. The Group and the Company have not yet evaluated the impact of the implementation of this amendment.

Amendment to IAS 32 *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities* (effective for financial years beginning on or after 1 January 2014)

This amendment clarifies the meaning of "currently has a legally enforceable right to set-off" and also clarifies the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The Group and the Company have not yet evaluated the impact of the implementation of this amendment.

Amendment to IAS 36 *Impairment of Assets* (effective for financial years beginning on or after 1 January 2014, once endorsed by the EU)

This amendment adds a few additional disclosure requirements about the fair value measurement when the recoverable amount is based on fair value less costs of disposal and removes an unintended consequence of IFRS 13 to IAS 36 disclosures. The amendment will not have any impact on the financial position or performance of the Group and the Company, however may result in additional disclosures.

IFRS 9 *Financial Instruments* (effective for financial years beginning on or after 1 January 2015, once endorsed by the EU)

IFRS 9 will eventually replace IAS 39. The IASB has issued the first two parts of the standard, establishing a new classification and measurement framework for financial assets and requirements on the accounting for financial liabilities. The Group and the Company have not yet evaluated the impact of the implementation of this standard.

IFRS 10 *Consolidated Financial Statements* (effective for financial years beginning on or after 1 January 2014)

IFRS 10 establishes a single control model that applies to all entities, including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled and, therefore, are required to be consolidated by a parent. Examples of areas of significant judgment include evaluating de facto control, potential voting rights or whether a decision maker is acting as a principal or agent. IFRS 10 replaces the part of IAS 27 *Consolidated and Separate Financial Statements* related to consolidated financial statements and replaces SIC 12 *Consolidation — Special Purpose Entities*. The Group has not yet evaluated the impact of the implementation of this amendment.

IFRS 11 *Joint Arrangements* (effective for financial years beginning on or after 1 January 2014)

IFRS 11 eliminates proportionate consolidation of jointly controlled entities. Under IFRS 11, jointly controlled entities, if classified as joint ventures (a newly defined term), must be accounted for using the equity method. Additionally, jointly controlled assets and operations are joint operations under IFRS 11, and the accounting for those arrangements will generally be consistent with today's accounting. That is, the entity will continue to recognize its relative share of assets, liabilities, revenues and expenses. The Group and the Company have not yet evaluated the impact of the implementation of this standard.

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3.1. New standards, amendments and interpretations (continued)

IFRS 12 *Disclosures of Interests in Other Entities* (effective for financial years beginning on or after 1 January 2014)

IFRS 12 combines the disclosure requirements for an entity's interests in subsidiaries, joint arrangements, investments in associates and structured entities into one comprehensive disclosure standard. A number of new disclosures also will be required such as disclosing the judgments made to determine control over another entity. The Group and the Company have not yet evaluated the impact of the implementation of this standard.

Amendments to IFRS 10, IFRS 12 and IAS 27 - Investment Entities (effective for financial years beginning on or after 1 January 2014, once endorsed by the EU)

The amendments apply to entities that qualify as investment entities. The amendments provide an exception to the consolidation requirements of IFRS 10 by requiring investment entities to measure their subsidiaries at fair value through profit or loss, rather than consolidate them. The implementation of this amendment will have no impact on the financial statements of the Group and the Company.

IFRIC Interpretation 21 *Levies* (effective for financial years beginning on or after 1 January 2014, once endorsed by the EU)

This interpretation addresses the accounting for levies imposed by governments. Liability to pay a levy is recognized in the financial statements when the activity that triggers the payment of the levy occurs. The Group and the Company have not yet evaluated the impact of the implementation of this interpretation.

The Group and the Company plans to adopt the above mentioned standards and interpretations on their effectiveness date provided they are endorsed by the EU.

Amendment to IAS 39 *Financial Instruments: Recognition and Measurement* (effective for financial years beginning on or after 1 January 2014, once endorsed by the EU)

The amendment provides relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The amendment will not have any impact on the financial position or performance of the Group and the Company, since they do not apply hedge accounting.

3.2. Critical accounting estimates and uncertainties

The preparation of condensed interim financial information in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the account policy and reported amounts of assets, liabilities, income and costs and contingencies. Actual results may differ from such estimates. Preparing this interim financial information, significant decisions of the management regarding the application of the accounting policy and the main uncertainties were as follows:

Impairment of property, plant and equipment

According to the IAS 36, the recoverable value of the asset is the higher from the net realizable value and the value-in-use. It is important to note, that there is no possibility to calculate the realizable value for the vast majority of the Company's infrastructural asset units. According to the IAS 36, in such case, the recoverable value of the asset is estimated by calculating its value-in-use. The latter is calculated by discounting the future cash flows that would be generated by the asset. The price regulation mechanism for the Company's services that is legally determined by the Commission has a very huge influence for the assessment of the indicators of possible infrastructural assets impairment.

It is important to note that the reliable value-in-use may be calculated as long the regulation is stable and predictable. However, in recent years, the price cap calculation principles were changed frequently (until 2010, the price caps of transmission services were determined according to the value of the assets that is used in the service provider's operations and is set according to the service provider's financial statements; from 2010 the determination of the price caps for electricity transmission services is to include the value of assets used in licensed activities of the service provider, which is equal to the net book value (carrying amount) of property, plant and equipment as at 31 December 2002 as increased by the amount of capital expenditures implemented and agreed with the Commission and reduced by the depreciation amount calculated pursuant to the procedure stipulated in the Lithuanian Law on Corporate Income Tax. On 12 April 2012 the Commission initiated the development of LRAIC (Long Run Average Incremental Costs) method for the determination of the price caps of transmission services. This method shall be used for the determination of the price caps of transmission services from the beginning of the next regulatory period (2015).

It should be noted that determining the value-in-use of the assets is mostly influenced by the assumptions of transmission service tariffs in the future periods. In case the Company valued the assets assuming that the price cap determination process will remain the same, it is possible that estimated value-in-use of the assets might significantly differ from the carrying amount of the assets. The Company intends to perform value in use calculation and potential estimation of impairment of property, plant and equipment by the end of 2013, because currently too high uncertainties exist in respect of planned implementation of the new method (LRAIC).

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4. Property, plant and equipment

The movement of the Group's property, plant and equipment is as follows:

Group	Land	Buildings	Plant and machinery	Vehicles	Other PP&E	Construction in progress	Total
Net book value as of 31 December 2011							
Opening net book value	1,961	34,851	1,841,223	1,639	38,160	72,353	1,990,187
Additions	-	-	26	5	466	27,587	28,084
Write-offs	-	-	(95)	-	-	-	(95)
Reclassification between categories	-	586	10,446	-	1,112	(12,144)	-
Depreciation charge	-	(1,090)	(57,960)	(250)	(4,171)	5	(63,466)
Net book value as of 30 June 2012	1,961	34,347	1,793,640	1,394	35,567	87,801	1,954,710
Net book value as of 31 December 2012							
Opening net book value	1,961	34,726	1,773,601	1,182	42,243	124,665	1,978,378
Additions	-	-	-	22	627	46,904	47,553
Write-offs	-	(15)	(4,232)	-	(2)	-	(4,249)
Reclassification to intangible assets	-	-	-	-	-	(28)	(28)
Reclassification between categories	-	17	5,827	-	1,331	(7,175)	-
Depreciation charge	-	(1,106)	(61,295)	(249)	(3,623)	8	(66,265)
Net book value as of 30 June 2013	1,961	33,622	1,713,901	955	40,576	164,374	1,955,389

The movement of the Company's property, plant and equipment is as follows:

Company	Land	Buildings	Plant and machinery	Other PP&E	Construction in progress	Total
Net book value as of 31 December 2011						
Opening net book value	1,961	33,613	1,840,627	36,573	72,763	1,985,537
Additions	-	-	-	249	28,097	28,346
Write-offs	-	-	(95)	-	-	(95)
Reclassification between categories	-	586	10,446	1,112	(12,144)	-
Depreciation charge	-	(1,037)	(57,916)	(3,922)	-	(62,875)
Net book value as of 30 June 2012	1,961	33,162	1,793,062	34,012	88,716	1,950,913
Net book value as of 31 December 2012						
Opening net book value	1,961	33,513	1,773,053	40,660	125,594	1,974,781
Additions	-	-	-	545	46,702	47,247
Write-offs	-	(15)	(4,232)	(2)	-	(4,249)
Reclassification to intangible assets	-	-	-	-	(28)	(28)
Reclassification between categories	-	17	5,827	1,331	(7,175)	-
Depreciation charge	-	(1,049)	(61,249)	(3,336)	-	(65,634)
Net book value as of 30 June 2013	1,961	32,466	1,713,399	39,198	165,093	1,952,117

Write-offs mainly represent derecognition of replaced parts of the assets upon their reconstruction.

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4. Property, plant and equipment (continued)

During the unbundling process that took place in 2010, the Company took over property, plant and equipment from Lietuvos Energija AB. The fair value of property, plant and equipment, depending on the type of asset, of Lietuvos Energija AB as at 31 December 2008 was determined by independent valuers who used either method of comparative prices, or depreciated replacement value, or discounted cash flows methods to determine the fair value of the assets.

Lietuvos Energija AB revised the carrying amounts of property, plant and equipment. Having assessed the fall in construction cost indices during the 11 months of 2009 of the relevant categories of assets as published by the Lithuanian Statistics Department, Lietuvos Energija AB reduced the carrying amount of property, plant and equipment. Lietuvos Energija AB applied a 12.27 per cent statistical index in respect of the category of buildings and a 9.68 per cent index in respect of other categories of property, plant and equipment that at 31 December 2008 were revalued based on the depreciated replacement cost method.

According to the Company's accounting policy, periodical revaluation must be performed at least once in a 5-year period. The Company intends to perform the revaluation of property, plant and equipment by the end of 2013, when more information in the regulating environment is available (Note 3.2).

As of 30 June 2013 and 31 December 2012, the Group/Company had significant contractual commitments to purchase property, plant and equipment to be fulfilled in the upcoming periods.

	As of 30 June 2013	As of 31 December 2012
Interconnection between the electricity transmission systems of Lithuania and Sweden (NordBalt)	597,783	597,783
Interconnection between the electricity transmission systems of Lithuania and Poland (LitPolLink)	275,593	2,165
Transformer substations	61,310	73,386
Construction of 330 kV overhead transmission line Klaipėda-Telšiai	29,880	43,360
Cabling of 110 kV overhead transmission line near Viršuliškės	3,779	4,318
Other	3,060	4,512
Total	971,405	725,524

5. Investments in subsidiaries (for the Company) and investments in associates and jointly controlled entities (for the Company and the Group)

Investments in subsidiaries in the Company's financial statements

As of 30 June 2013 and 31 December 2012, the Company had direct control over the following subsidiaries:

Subsidiary As of 30 June 2013	Investment cost	Ownership interest (%)	Impairment	Carrying amount
UAB „TETAS“	15,042	100	-	15,042
BALTPOL UAB	318	67	-	318
Total	15,360		-	15,360

Subsidiary As of 31 December 2012	Investment cost	Ownership interest (%)	Impairment	Carrying amount
UAB „TETAS“	8,290	61	-	8,290
BALTPOL UAB	318	67	-	318
Total	8,608		-	8,608

In the implementation of the electricity sector reorganisation plan and following the decision of 17 October 2012 of the Board of LITGRID, LITGRID and LESTO AB signed the share exchange agreement. According to this agreement, on 7 January 2013, LITGRID disposed to the company LESTO AB shares of Elektros Tinklo Paslaugos UAB for the amount of LTL 8,025 thousand (which represent 25.03% of the authorised share capital of Elektros Tinklo Paslaugos UAB) in exchange for shares of Tetras UAB received from LESTO AB for LTL 6,752 thousand (which represent 38.87% of the authorised share capital of Tetras UAB). The difference between the determined fair values of the shares in the amount of LTL 1,273 thousand was paid to the Company by LESTO AB.

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5. Investments in subsidiaries (for the Company) and investments in associates and jointly controlled entities (for the Company and the Group) (cont'd)

Investments in associates and jointly controlled entities in the Company's and the Group's financial statements

Movement in the account of investments in associates and jointly controlled entities is given in the table below:

	Group January-June 2013	Company January- June 2013	Group January- December 2012	Company January- December 2012
Opening balance	16,052	16,601	20,804	21,332
Gain on change in ownership interest in associate	-	-	232	-
Share of profit/(loss) of associates and jointly controlled entities	675	-	636	-
Re-classified to assets held for sale	675	-	(5,620)	(4,731)
Closing balance	16,727	16,601	16,052	16,601

In the financial statements of the Company and the Group for the period ended 31 December 2012, the amount representing the shares of Elektros Tinklo Paslaugos UAB held by the right of ownership was classified as assets held for sale (LTL 4,731 thousand and LTL 5,620 thousand respectively). The Company's and the Group's profit from the disposal of these shares amounted LTL 3,294 thousand and LTL 2,405 thousand respectively.

6. Other accounts receivable

As of 30 June 2013 and 31 December 2012 other accounts receivable of the Group and the Company are presented below.

	Group 30 June 2013	Company 30 June 2013	Group 31 December 2013	Company 31 December 2013
Receivable/administrated PSO fees	94,972	33,191	88,148	88,148
Accrued income for PSO	4,496	4,496	6,711	6,711
Accrued interest income	101	101	326	326
Receivables for asset rent	1,244	1,244	618	629
Grants receivable	2,983	2,983	-	-
Other accrued receivables	1,293	-	861	3
Other receivables	460	154	370	27
Total	105,549	42,498	97,034	95,844

The Company's receivable/administrated PSO fees as of 30 June 2013 decreased compared to 31 December 2012 because since 1 January 2013 the Company no longer acts as a PSO fee administrator and LESTO AB transfers PSO fees to BALTPPOOL UAB, PSO fee administrator (Note 1).

7. Other financial assets

The other financial assets of the Group and the Company as of 30 June 2013 and 31 December 2012 are presented below:

	Group 30 June 2013	Company 30 June 2013	Group 31 December 2012	Company 31 December 2012
Administrated PSO fees	42,709	-	59,847	59,847
Guaranties and deposits	7,679	7,679	2,465	2,465
Funds of the exchange members	-	-	1,178	-
Total	50,388	7,679	63,490	62,312

According to the Commissions' approved PSO fee administration precept, PSO fee balance must be separated from the other Company's/Group's cash and cash equivalents and may be used for PSO fee payments only. According to the agreement with the Company's subsidiary BALTPPOOL, the PSO fee administrator, signed on 20 February 2013, the Company transferred the administrated PSO fee residual as of 31 December 2012 to BALTPPOOL, UAB.

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8. Held-to-maturity investments

	Group 30 June 2013	Company 30 June 2013	Group 31 December 2012	Company 31 December 2012
Swedbank AB bonds in LTL, maturity as of 7 March 2014	70,000	70,000	-	-
Total	70,000	70,000	-	-

As at 31 December 2012, the Group and the Company had no held-to-maturity investments. The annual interest rate of the held-to maturity of the Group and the Company is 0.71%.

9. Cash and cash equivalents

The cash and cash equivalents of the Group and the Company consist of cash at Bank and cash on hand. The decrease of the Group's and the Company's cash at Bank and cash on hand is due to the acquisition of bonds (Note 8).

10. Grants

The balance of grants consists of grants related to the financing of assets acquisition. Movement in the account of grants during the six-month period ended 30 June 2013 and 30 June 2012 was as follows:

	Group	Company
Balance as of 31 December 2011	182,359	182,359
Grants received	50,582	50,582
Recognised as income during the period	(856)	(856)
Balance as of 30 June 2012	232,085	232,085
Balance as of 31 December 2012	304,971	304,971
Grants received	61,678	61,678
<i>out of which – recognised as grants receivable</i>	<i>2,983</i>	<i>2,983</i>
Recognised as income during the period	(854)	(854)
Balance as of 30 June 2013	365,795	365,795

Grants received during the six-month period ended 30 June 2013 included:

- amounts received from the EU Structural Funds for financing reconstruction of the Company's property, plant and equipment LTL 19,037 thousand (during six months of 2012: LTL 6,828 thousand);
- funds from International Ignalina Decommissioning Support Fund for the preparation works and implementation of interconnection between the electricity transmission systems of Lithuania and Poland (LitPolLink) project – 141 thousand LTL (during six months of 2012: 1,254 thousand LTL);
- funds from public service obligations for the preparation works and implementation of interconnection between the electricity transmission systems of Lithuania and Sweden (NordBalt) project – 42,500 thousand LTL (during six months of 2012: 42,500 thousand LTL).

In the statement of comprehensive income for the six-month period ended 30 June 2013 depreciation and amortisation charges were reduced by income of grants of LTL 854 thousand (during six months of 2012: LTL 856 thousand).

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11. Borrowings

Loans of the Group/Company according to the repayment terms were as follows:

	Group As of 30 June 2013	Company As of 30 June 2013	Group As of 31 December 2012	Company As of 31 December 2012
Amounts payable from one to five years	117,395	117,395	138,112	138,112
Amounts payable in one year	49,313	41,434	45,956	41,434
Total	166,708	158,829	184,068	179,546

On 16 July 2012, the Company's subsidiary Tetas UAB signed an overdraft agreement with SEB Bankas AB. Credit limit is LTL 5,200 thousand. On 5 June 2013, the amendment to this agreement (No. 4) and the credit limit was increased to LTL 10,000 thousand. The agreement expires on 31 May 2014. The overdraft is subject to a variable interest rate which is established based on the overnight Vilnius Interbank Offered Rate (VILIBOR) plus 1.10% lender's borrowing risk margin and profit margin. As of 30 June 2013, the withdrawn amount of the overdraft amounted LTL 7,879 thousand (as of 31 December 2012: LTL 4,522).

During the validity of the overdraft agreement the subsidiary has committed to comply with a pre-determined financial ratio. According to this financial covenant, the subsidiary's net financial debt to EBITDA ratio shall not exceed 3. As at 30 June 2013, the Company's subsidiary Tetas UAB actual ratio equaled to 18.5.

On 5 October 2012, the Company signed a loan agreement with Pahjola Bank Plc. The loan amount is EUR 58,000 thousand. As of 30 June 2013, EUR 12,000 thousand were repaid back. The loan is subject to the interest rate being 1-month EURIBOR + 0.94% margin.

As at 30 June 2013, the weighted average interest rate on borrowings of the Group was 1.07% (As at 31 June 2012 – 0.94 %).

12. Other accounts payable

The decrease of the Company's other accounts payable balance as at the end of the reporting period from LTL 124,090 thousand to LTL 37,886 was due to the Company's ceasing its activities as an PSO services administrator. Accordingly, the Company's PSO payable amount decreased from LTL 121,587 thousand to LTL 23,773 thousand (Note 1.)

13. Write-off of property, plant and equipment

Followed by the increase in reconstruction works, the Company's and the Group's property, plant and equipment write-off expenses for the period from 1 January 2013 to 30 June 2013 compared to the respective prior year period have increased by LTL 3,852 thousand.

14. Other expenses

The other expenses of the Group for the period from 1 January 2013 to 30 June 2013 compared to the respective prior year period have increased by LTL 10,497 thousand as a result of the increase in services provided by the Company's subsidiary UAB TETAS. Accordingly, the required materials, raw materials and other inventory expenses increased from LTL 5,758 thousand to LTL 15,637 thousand, while sub-contracting expense increased from LTL 2,466 thousand to LTL 5,439 thousand.

15. Segment information

For management purposes, the Company/Group analyses its operations by geographical areas and types of services provided.

The Group has distinguished the following 6 segments:

- electricity transmission;
- trade in balancing/regulating electricity;
- provision of capacity reserve services;
- provision of services under PSO (public service obligation) scheme;
- activities of the market operator;
- repair and maintenance activities.

The electricity transmission segment is engaged in transmitting electricity over high voltage (330-110 kV) networks from producers to users or suppliers not in excess of the limit established in the contract. The main objective of these activities is to ensure a reliable, effective, high quality, transparent and safe electricity transmission to distributions networks, large network users from power stations and neighbouring energy systems.

Trade in balancing/regulating electricity is a service ensuring the balancing of electricity generation/import and demand/export levels.

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15. Segment information (cont'd)

Provision of capacity reserve services. In order to ensure a reliable work of the system, the Company purchases from electricity producers the service of ensuring capacity reserve for power generation facilities, reaction power and voltage control, breakdown and disorder prevention and its liquidation and provides capacity reserve services to users. The capacity reserve is required in case of unexpected fall in electricity generation volumes or increase in electricity consumption.

The Company's/Group's services provided under PSO scheme comprise as follows:

- development and implementation of strategic projects for the improvement of energy security, installing interconnections between the electricity transmission systems abroad and (or) connecting the electricity transmission systems in the Republic of Lithuania with the electricity transmission systems in foreign countries (interconnections Lithuania-Sweden and Lithuania-Poland, connection of the Lithuanian electric energy system to continental Europe networks);
- connection of power generation facilities that use the renewable energy resources to transmission networks; optimisation, development and/or reconstruction of transmission networks ensuring the development of power generation that uses the renewable energy resources.
- balancing of electricity generated using the renewable energy resources;

Since 2013, the Company's subsidiary BALTPOOL UAB carries out the activities of PSO fund administrator, natural gas, additional security against the fluctuations in electricity prices in power exchange market and biofuel market operator (until 2013, these activities were carried out by the Company). BALTPOOL UAB earns revenue mainly for PSO fund administration. Until 18 June 2012, BALTPOOL UAB used to act as power exchange operator.

Repair and maintenance services are carried out by the Company's subsidiary TETAS UAB. These services include reconstruction, repair and technical maintenance of medium voltage transformer substations and distribution stations.

The Group's information on segments for the six-month period ended 30 June 2013 is presented in the table below:

2013	Operating segments						
	Electricity transmission	Trade in balancing/regulating electricity	Provision of capacity reserve services	Provision of services under PSO scheme	Activities of market operator	Repair and maintenance activities	Other inter-segment eliminations
Revenue	127,671	48,826	46,760	4,653	404	34,103	-
Inter-segment revenue	-	-	-	-	(58)	(3,910)	202
Revenue after elimination of intercompany revenue within the Group	126,671	48,826	46,760	4,653	346	30,193	202
Operating profit (loss)	(3,377)	12,700	20,903	-	(355)	(2,355)	210
Income (expenses) from financing activities, net	3,383	-	-	-	2	(46)	-
Share of result of associates and jointly controlled entities	675	-	-	-	-	-	-
Profit (loss) before income tax	681	12,700	20,903	-	(353)	(2,401)	210
*Income tax	(4,738)	-	-	-	1	348	-
Net profit (loss) for the year	(4,057)	12,700	20,903	-	(352)	(2,053)	210
Depreciation and amortisation expenses	64,967	-	-	-	57	655	(8)
Write-offs of property, plant and equipment	3,945	-	-	-	-	-	-

*Income tax and financing-investment activities are not allocated between the Company's operating segments and are attributed to electricity transmission activity.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR A SIX-MONTH PERIOD ENDED 30 JUNE 2013
(All amounts in LTL thousand unless otherwise stated)

15. Segment information (cont'd)

The Group's information on segments for the six-month period ended 30 June 2012 is presented in the table below:

2012	Operating segments							Total
	Electricity transmission	Trade in balancing/regulating electricity	Provision of capacity reserve services	Provision of services under PSO scheme	Activities of market operator	Repair and maintenance activities	Other inter-segment eliminations	
Revenue	124,223	50,039	32,811	6,321	1,121	25,459	-	239,974
Inter-segment revenue	-	-	-	-	(956)	(3,664)	(510)	(5,130)
Revenue after elimination of intercompany revenue within the Group	124,223	50,039	32,811	6,321	165	21,795	(510)	234,844
Operating profit (loss)	2,072	13,102	(1,747)	-	77	(1,495)	(505)	11,504
Income (expenses) from financing activities, net	1,622	-	-	-	101	7	-	1,730
Share of result of associates and jointly controlled entities	20	-	-	-	-	-	-	20
Gain on change in ownership interest in associate	232	-	-	-	-	-	-	232
Profit (loss) before income tax	3,946	13,102	(1,747)	-	178	(1,488)	(505)	13,486
*Income tax	(2,221)	-	-	-	(16)	5	-	(2,232)
Net profit (loss) for the year	1,725	13,102	(1,747)	-	162	(1,483)	(505)	11,254
Depreciation and amortisation expenses	62,437	-	-	-	37	604	(5)	63,073
Write-offs of property, plant and equipment	93	-	-	-	-	-	-	93

*Income tax and financing-investment activities are not allocated between the Company's operating segments and are attributed to electricity transmission activity.

The Group operates in Lithuania and its revenue generated from customers in Lithuania accounts for 99% of total revenue.

The Company sells regulating electricity to transmission system operators in Latvia and Estonia and provides the electricity transit service to the Russian transmission system operator.

In 2013 and 2012, the Group's and the Company's revenue by geographical location of customers:

Country	Group January-June 2013	Company January-June 2013	Group January-June 2012	Company January-June 2012
Lithuania	253,717	223,072	232,921	211,479
Russia	1,065	1,065	917	917
Estonia	591	591	508	508
Latvia	2,278	2,278	482	482
Bulgaria	-	-	16	16
Total	257,651	227,006	234,844	213,402

All assets of the Group and the Company are located in Lithuania.

During the six-month period ended 30 June 2013, the Group's revenue from its major external customer LESTO AB amounted LTL 163,349 thousand (30 June 2012: LTL 146,869 thousand).

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR A SIX-MONTH PERIOD ENDED 30 JUNE 2013
(All amounts in LTL thousand unless otherwise stated)

16. Related-party transactions

The Company's/Group's related parties in 2013 and 2012 were as follows:

- EPSO-G (the parent of the Company) (with effect from 28 September 2012). 100% of EPSO-G share capital is owned by the Ministry of Energy of the Republic of Lithuania;
- Subsidiaries of the Company;
- Associates and jointly controlled entities of the Company;
- Management of the Company.

The Ministry of Energy of the Republic of Lithuania is the ultimate shareholder of the Company. The Group/Company does not reckon the state-owned companies as a single customer as there is not a considerable economical integration among those companies. The Group/Company does not disclose the transactions with the state-owned companies LESTO AB, Lietuvos energija AB as the transactions with these companies are in regulatory terms, except for the share exchange agreement disclosed in the Note 5.

The Group's transactions and balances with related parties during the six-month period ended 30 June 2013 were as follows:

Related parties	Trade and other payables and prepayments	Trade and other receivables	Purchases	Sales
Associates	1,627	1,826	6,774	3,083
The Group's parent company (UAB EPSO-G)	-	-	-	-
Total	1,627	1,826	6,774	3,083

The Company's transactions and balances with related parties during the six-month period ended 30 June 2013 were as follows:

Related parties	Trade and other payables and prepayments	Trade and other receivables	Purchases	Sales
Subsidiaries	17,013	8,666	62,993	49,538
Associates	1,520	1,826	6,428	3,069
The Group's parent company (UAB EPSO-G)	-	-	-	-
Total	18,533	10,492	69,421*	52,607**

*Whereof: LTL 46,887 thousand PSO service fees paid to related parties (PSO fund administrator). The Company acts as an agent for the Commission/State in these transactions. The Group does not recognise revenue and expenses from PSO funds that are collected from the electricity network users and transferred to the PSO fund administrator.

**Whereof: LTL 49,368 thousand PSO service fees received from related parties (PSO fund administrator). Out of which LTL 2,215 thousand received under the transaction where the Company acts as an agent for the Commission/State in these transactions. The Group does not recognise revenue and expenses from PSO funds that are collected from the electricity network users and transferred to the PSO fund administrator.

The Group's transactions with related parties during the six-month period ended 30 June 2012 and the balances arising on these transactions as of 31 December 2012 are presented below.

Related parties	Trade and other payables and prepayments	Trade and other receivables	Purchases	Sales
Associates	2,625	625	6,716	3,072
The Group's parent company (UAB EPSO-G)	-	-	-	-
Total	2,625	625	6,716	3,072

The Company's transactions with related parties during the six-month period ended 30 June 2012 and the balances arising on these transactions as of 31 December 2012 are presented below.

Related parties	Trade and other payables and prepayments	Trade and other receivables	Purchases	Sales
Subsidiaries	6,548	13	19,983	70
Associates	1,353	622	6,716	3,072
The Group's parent company (UAB EPSO-G)	-	-	-	-
Total	7,901	635	26,699	3,142

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR A SIX-MONTH PERIOD ENDED 30 JUNE 2013
(All amounts in LTL thousand unless otherwise stated)

16. Related-party transactions (cont'd)

Payments to the key management personnel

	Group January-June 2013	Company January-June 2013	Group January-June 2012	Company January-June 2012
Employment-related payments	1,387	948	1,379	795
<i>Out of which - termination benefits</i>	79	79	154	85
Number of the key management personnel	17	9	15	8

Key management consists of heads of administration and their deputies (directors of departments) and the chief financier.

17. Basic and diluted earnings per share

In 2013 and 2012, basic and diluted earnings per share were as follows:

	January-June 2013	January-June 2012
Net profit (loss) attributable to the Company's shareholders (thousand LTL)	26,589	11,779
Weighted average number of shares (units)	504,331,380	504,331,380
Basic and diluted earnings per share (in LTL)	0.05	0.02

18. Contingent liabilities

Litigations

Legal claim is filed by the Company against A. Blyskys, B. Černauskiene, A. Černauskas (hereinafter – the defendants) and SEB bankas AB, regarding the application of servitude in relation with construction and maintenance of 330 kV overhead transmission line Klaipėda-Telšiai. The defendants filed a counterclaim demanding the compensation for the application of servitude in the amount of LTL 700 thousand instead of the amount offered by the Company. Currently, the case is analysed in the first instance court. Taking into account the current situation and the Court experts' findings, it is probable that the maximum compensation granted to the defendants might approximate LTL 356,800 or less.

The civil legal case initiated by the Company against AB Achema for the claim of debt and related interest amount. The Company has submitted a lawsuit against AB Achema for the collection of debt in the amount of LTL 2 271 108.65 and related interest in the amount of LTL 20 918.25 in accordance with Electricity transmission agreement (hereinafter – the Agreement) signed between the Company and AB Achema for the respective public service obligations (hereinafter – PSO) for the period from April to June 2012. The investigation of this case was suspended by the decision of 14 June 2012 of Kaunas County Court until the completion of investigation of the civil case initiated by the claim of AB Achema against LITGRID requesting the recognition of the transaction as null and void and payment of restitutional compensation. The later civil case of AB Achema is also suspended until the final resolution of the administrative case at the Supreme Administrative Court of Lithuania (SACL) initiated on the 2 March 2011 by the claim (request) of the group of the Lithuanian Parliament (Seimas) members regarding non-compliance of post-legislative acts with the Lithuanian Law on Electric Energy. The latter case by the claim of the Lithuanian Parliament is also suspended since 30 January 2012 until the Constitutional Court of the Republic of Lithuania completes its investigation of the request submitted by the members of the Lithuanian Parliament to investigate whether the provisions of the Lithuanian Law on Electric Energy are not in breach of the Constitution of the Republic of Lithuania. As at 31 December 2012, the outstanding overdue debt of AB Achema amounted to LTL 7,445 thousand (31 December 2011: LTL 5,121 thousand). The outcome of the case may affect the balance of PSO fees administered by the Company, however, it will have no impact on the Company's net profit (loss) because the Company acts as an agent and PSO fees administered by it are recognised only as amounts receivable(payable).

The administrative case was initiated on the basis of Achema AB claim for damages caused by illegitimate actions of the state authorities. Achema AB claims that the state authorities acted illegitimately and beyond their competence when they adopted the Lithuanian Law on Electric Energy, the provisions of which are in breach of the Constitution of the Republic of Lithuania and EU legal acts, and post-legislative acts that are in breach of legal acts bearing superior power. Achema AB claims that damages incurred by it as a result of allegedly illegitimate actions of state authorities amounted to LTL 3 127 402. The Vilnius County Administrative Court on 7 December 2011 decided to suspend the investigation of this case until the Supreme Administrative Court of Lithuania completes the investigation of the aforementioned case, which is until the Constitutional Court of the Republic of Lithuania completes its investigation of the request submitted by the members of the Lithuanian Parliament. The resolution of this case will not have an impact on the net profit (loss) of the Company because the Company acts as an agent and PSO fees administered by it are recognised only as amounts receivable(payable).The management does not believe that these litigations will have any negative impact on the Group's/Company's financial statements.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR A SIX-MONTH PERIOD ENDED 30 JUNE 2013
(All amounts in LTL thousand unless otherwise stated)

18. Contingent liabilities (cont'd)

Legal claim filed by the Company against AB Achema regarding the debt and interests for the January 2013 services and obligation to sign the PSO fee collecting agreement. The Company demands from AB Achema to pay outstanding PSO fees for January 2013 in amount of LTL 1,304,306.51 (interest included). Currently, the claim is in the preparation for analysis stage using the documentary process. It is important noting that since 2013, the Company acts as a PSO fee collector only. According to the agreement with PSO fee administrator Group's company BALTPPOOL UAB, in case the Company's customers do not pay PSO fees in 3 consecutive months, the Company has the right to reduce the funds transferrable to BALTPPOOL UAB (which acts as an agent and PSO fees administrated by it are recognized only as amounts receivable(payable)) in the amount equal to the uncollected PSO fees. Taking this into consideration, Court's either favorable or unfavorable decision with respect to the Company, will not have any financial impact on the Company and the Group.

Legal claim filed by the Company against AB LIFOSA regarding the debt and interests for the January 2013 services and obligation to sign the PSO fee collecting agreement. The Company demands from AB LIFOSA to pay outstanding PSO fees for January 2013 in amount of LTL 362 517.6 (interest included). Currently, the claim is in the preparation for analysis stage using the documentary process. It is important noting that since 2013, the Company acts as a PSO fee collector only. According to the agreement with PSO fee administrator Group's company BALTPPOOL UAB, in case the Company's customers do not pay PSO fees in 3 consecutive months, the Company has the right to reduce the funds transferrable to BALTPPOOL UAB (which acts as an agent and PSO fees administrated by it are recognized only as amounts receivable(payable)) in the amount equal to the uncollected PSO fees. Taking this into consideration, Court's either favorable or unfavorable decision with respect to the Company, will not have any financial impact on the Company and the Group.

Legal claim filed by the Company against AB ORLEN Lietuva regarding the debt and interests for the January 2013 services and obligation to sign the PSO fee collecting agreement. The Company demands from AB ORLEN Lietuva to pay outstanding PSO fees for January 2013 in amount of LTL 1366 856.42 (interest included). Currently, the claim is in the preparation for analysis stage using the documentary process. It is important noting that since 2013, the Company acts as a PSO fee collector only. According to the agreement with PSO fee administrator Group's company BALTPPOOL UAB, in case the Company's customers do not pay PSO fees in 3 consecutive months, the Company has the right to reduce the funds transferrable to BALTPPOOL UAB (which acts as an agent and PSO fees administrated by it are recognized only as amounts receivable(payable)) in the amount equal to the uncollected PSO fees. Taking this into consideration, Court's either favorable or unfavorable decision with respect to the Company, will not have any financial impact on the Company and the Group.

Legal claim filed by A. Žilinskio ir Ko UAB against the Company demanding to declare the one-sided set-off invalid and also decide in favor of payment for construction works and related overdue interest fee. According to the contract signed on 2 July 2010, A. Žilinskio ir Ko UAB was obliged to complete the construction of the 110 kV transmission line Nemunas-Murava no later than 18 November 2011. However, the construction was ended only on 30 January 2013. LITGRID AB charged A. Žilinskio ir Ko UAB the forfeit in the amount of LTL 880,187.45 which the Company settled-off with the amount payable to A. Žilinskio ir Ko UAB and recognised as overdue interest income in 2012. A. Žilinskio ir Ko UAB demands to declare the set-off invalid, repay the set off amount and adjudge the overdue interest. Currently, the case is analysed by the first instance court. The Company did not account for the provision in amount of potentially returnable forfeit and adjusted overdue interest, because in it's opinion at the moment of preparation of this condensed interim financial information, it is impossible to reliably estimate the outcome of the case.

19. Commitments

Property, plant and equipment purchase commitments are disclosed in Note 4.

20. Significant events after the balance sheet date

There were no significant events after the balance sheet date.

LITGRID AB AND ITS SUBSIDIARIES CONSOLIDATED INTERIM REPORT FOR FIRST HALF 2013

I. General Information about the Group of Companies

Issuer and its contact details:

Name	LITGRID AB (hereinafter referred to as "Litgrid" or "the Company")
Legal form	Public limited liability company
Date and place of registration	2010-11-16, Register of Legal Persons of the Republic of Lithuania
Business ID	302564383
Registered office address	A. Juozapavičiaus g. 13, LT-09311, Vilnius
Telephone No	+370 5 278 2777
Fax No	+370 5 272 3986
Email	info@litgrid.eu ; www.litgrid.eu

Activities of Litgrid

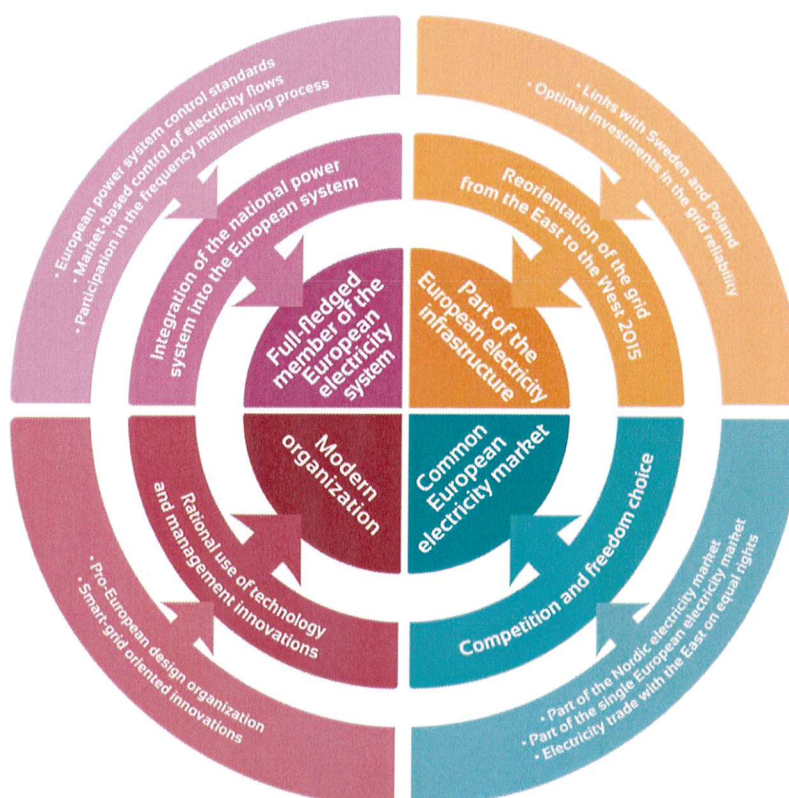
Litgrid, the Lithuanian electricity transmission system operator that maintains stable operation of the country's power system, controls power flows, and facilitates conditions for the electricity market functioning. Litgrid is also in charge of the integration of the Lithuanian power system into the European electricity infrastructure and a common European electricity market. While implementing strategic projects of international power links NordBalt (Lithuania-Sweden) and LitPol Link (Lithuania-Poland), in order to secure the country's energy independence, we foster a culture of responsibility, resourcefulness and dialogue.

Mission of Litgrid: ensure reliable transmission of electricity and enable competition in the open electricity market.

Vision of Litgrid: full integration of the Lithuanian electricity system into the European electricity infrastructure and the common electricity market.

Values of Litgrid: responsibility, highest professional standards, cooperation, proactiveness, respect.

Litgrid strategy: responsibility to control national electricity system



Lithuania is an independent state for more than twenty years and a member of the European Union for nearly a decade. Its electricity system, however, remains part of a non-European electricity system centrally controlled from a neighbouring Eastern state. The Baltic States (Lithuania, Latvia and Estonia) are still isolated from the continental European electricity transmission grids. Litgrid, which is the backbone of the Lithuanian electricity sector, is responsible for ensuring reliable operation of the national electricity system and its integration into the European grids and systems, in addition to such responsibilities as maintaining the electricity consumption and generation balance and securing a reliable electricity transmission. The main lines of activities of Litgrid in the process of implementation of the National Energy Strategy are as follows:

Integration of the national power system into Europe

After Lithuania becomes a full-fledged member of the European electricity system, the European management standards will be implemented in the Lithuanian electricity sector, control of electricity flows based on the market principles will be introduced, and participation in the system frequency maintenance will be ensured. The aim is to achieve synchronous operation of the Baltic States with the European Continental Network.

Common European electricity market

Integration of the Lithuanian electricity market into the Baltic and Nordic markets, and later into the common European electricity market, will secure transparent prices for electricity, competition and freedom of choice to all market players as well as electricity trade with the neighbouring European states on equal rights. Being part of a large electricity market will lead to a most effective use of the network and generation infrastructure and to ensuring security of the electricity supply.

Integration of the electricity transmission network into the European electricity infrastructure

Lithuania has a strong electricity transmission network; now it is well connected with the electricity transmission infrastructure of the neighbours in the East and, upon completion of construction of the links with Sweden (NordBalt) and Poland (LitPol Link), connections with the North and West European networks will be ensured. While development of the interconnection links will enable electricity trade between different energy systems, optimal investment in the national grid will ensure the integration of new power generators, secure transmission of electricity, and reliable operation of the national system. Lithuania will become, jointly with Latvia and Estonia, a well-developed region with reliable links.

Modern organisation effectively using innovative technologies and advanced management methods

Litgrid is a pro-European design enterprise the activities of which are based on modern management approaches and responsible work. While implementing major energy projects of strategic significance for the national economy, the company develops the following key competences: system control and reliable transmission of electricity, maintaining of the national power balance, infrastructure support, and project management. Litgrid's people – highly competent specialists and managers – plan the development of the transmission network, the electricity market and the energy system focussing on innovations that support the smart grid development, formulate technical policies of the transmission network, collaborate with Lithuanian higher educational establishments, and take part in the activities of international organisations engaged in the planning of electricity infrastructure, markets and systems.

In implementing the strategic projects aimed at the country's energy independence and working in a stringent regulatory environment, Litgrid is putting forth efforts to rationally and efficiently use the available financial resources and the European Union's assistance. In this way the company contributes to the strengthening of the country's competitiveness and the promoting of the public welfare.

Major events in the implementation of the strategic and other energy sector projects in the first half of 2013

Implementation of the intersystem electricity interconnection LitPol Link.

On 15 February 2013, a design and contract agreement was signed with ABB AB on Alytus HVDC back-to-back converter station with a 400 kV switchyard.

On 19 March 2013, public procurement procedures for reconstruction of a 330 kV Alytus transformer substation, and on 12 April 2013, public procurement procedures for construction of a 400 kV overhead line from Alytus transformer substation to the Lithuanian-Polish border were launched.

On 3 April 2013, a permit for reconstruction of a 330 kV switchyard of Alytus transformer substation according to the previously drawn and approved technical design was obtained.

On 10 May (for Lazdijai District) and on 13 May (for Alytus District) 2013, permits for construction of a 400 kV overhead line from Alytus transformer substation to the Lithuanian-Polish border according to the previously drawn and approved technical design were obtained.

On 17 May 2013, an agreement with Poyry Swedpower AB was signed on technical and contract consulting in the course of development and implementation of a technical design of Alytus HVDC back-to-back converter station with a 400 kV switchyard.

Implementation of the intersystem electricity interconnection NordBalt

In the first half of 2013, manufacture of a subsea cable for the NordBalt link in Sweden continued. About 220 km cable was produced by the end of June 2013. 900 km cable in total will be produced, it will be laid on the seabed in 2014 – 2015.

In March 2013, development of a working and detail design of the HVDC converter substation was launched.

In May 2013, the final building permit for the NordBalt was obtained. 4 permits in total were obtained in first half of 2013: for HVDC converter substation in Klaipeda District Municipality and cable construction in Klaipeda City Municipality, Klaipeda City Municipality and Seaside zone (Curonian Spit) together with the territorial waters of the Republic of Lithuania and exclusive economic zone in the Baltic Sea.

Reconstruction of Klaipeda transformer substation and construction of a 330 kV line Klaipeda-Telsiai (a building permit for construction works in Klaipeda District was obtained) continued. The substation reconstructions is planned to be completed in autumn 2014, while completion of the construction of the line Klaipeda-Telsiai is planned for winter 2014.

Development of Lithuanian electricity market

On 15 March 2013, transmission system operators of the Baltic States: Litgrid (Lithuania), Augstsprieguma Tīkls (Latvia), and Elering (Estonia) signed an agreement on the use of cross-border capacities for electricity market, which includes rules on establishing cross-border capacity trade for the Baltic transmission system operators, rules for calculation of intersystem capacities with third countries and internal rules on establishing intersystem capacities between the Baltic transmission system operators. The document stipulates establishment and distribution of power transmission capacities for power trade between the Baltic States and third countries. The agreement is important for the successful integration of the Baltic electricity markets. Since 3 June 2013, all the electricity transmission capacity between Estonia and Latvia and between Latvia and Estonia is transmitted to the Nord Pool Spot which ensures its optimum distribution between the Baltic States. This ensures maximum advantages for the electricity markets players in the Baltic States.

On 3 June 2013, when Latvia joined the Nord Pool Spot, Lithuanian bidding area was no longer isolated from other bidding areas, electricity market liquidity improved, exchange prices give more reliable reflection of the situation on the market. Since all three Baltic States joined the common electricity market of the Baltic and Scandinavian countries, more effective use of electricity transmission capacities is achieved in the Baltic States.

In the first half of 2013, volumes of electricity imported into Lithuania from Russia continued decreasing and electricity volumes imported from Estonia continued growing. Since trade in wind energy was launched on the market on 8 January 2013, its share in the total power generation of Lithuania increased from 8% in January up to 17% in May.

Once the Estonian-Finnish link Estlink 2 is put into operation in 2014, and Lithuanian-Swedish link NordBalt in the end of 2015, conditions for diversification of power sources will be created. In the absence of a possibility for diversification of power supply sources, trend of fluctuation in electricity prices was observed in the Lithuanian bidding area of the Nord Pool Spot in the 1st half of 2013. The average electricity price in the first six months of 2013 was 45.92 EUR/MWh (158.55 LTL/MWh). Similar electricity price was recorded also in the first half of 2012.

Integration of Lithuanian electricity system into the European Continental Network

In the first half of 2013, Lithuanian, Latvian and Estonian electricity transmission system operators and Swedish company Gothia Power AB completed half of the feasibility study on the integration of the Baltic States' energy sector into the European network. The study which is planned to be completed by 30 September 2013 will analyse the technical conditions and opportunities for the integration of Baltic energy systems into the European Continental Network.

Other significant events

On 17 January 2013, the new version of the Energy Law took effect. It establishes the legal basis regulating issue of permits for electricity producers with electricity generation capacities under 10 kW. On 26 April 2013, the National Control Commission for Energy and Prices held a meeting, at which it adopted a decision that separation of Litgrid transmission activities comply with the clauses laid down in Paragraphs 2, 3 and 6, Article 53 and Paragraph 8, Article 15 of the Energy Law and can be appointed as transmission system operator.

Since May 2013, Litgrid is a member of the Central European Energy Partners (CEEP). The over-riding goal of this organisation is support integration of the energy sector of new Member States of the European Union (Central and Eastern European countries) within the framework of a common EU energy and energy security policy.

In June 2013, Litgrid completed the plan on the development of the grids of the Lithuanian electricity system until 2022 and submitted it to the National Control Commission for Energy and Prices. A plan drawn on a yearly basis contains forecasts for energy demands, capacities of power plants, electricity market, information about electricity transmission system, its development plan, projected investments.

On 6 June 2013, an updated website of Litgrid www.litgrid.eu was launched. It contains conveniently structured useful information about electricity, electricity transmission, its trade and management of the whole energy system. Strategic electricity projects – electricity links with Sweden NordBalt and Poland LitPol Link are presented under separate columns. As an overview of all the projects of electricity transmission system development, main details and work schedules of the objects under construction, such as new electricity lines or transformer substations, are presented. A new information section for land owners provides information about high-voltage electricity lines constructed in Lithuania, lines protection zones established. Web users can also find information there about electromagnetic fields radiated from high-voltage power lines. The new website contains a special platform for monitoring Lithuanian electricity system data designed for a professional user of electricity information. Automatically updated system data diagrams and tables contain information on the volumes of electricity generated and consumed in Lithuania, cost of electricity bought from the market and comparison of prices with previous periods.

Litgrid is a member of ENTSO-E (*European Network of Transmission System Operators for Electricity*). Established in 2008, this organisation has 34 members – electricity transmission system operators of European states. Litgrid takes an active participation in the organisation's activities regarding planning and implementation of the Lithuanian electricity infrastructure development projects and the plans of linking of electricity markets and integration of the electricity transmission systems.

Litgrid's subsidiaries and their operations

As of 30 June 2013, Litgrid Group of Companies consisted of Litgrid AB ("Litgrid"), BALTPPOOL UAB ("Baltpool") and Tetas UAB:

Name	BALTPPOOL UAB
Legal form	Private limited liability company
Date and place of registration	11-12-2009, Register of Legal Persons of the Republic of Lithuania
Business ID	302464881
Registered office address	A.Juozapavičiaus g.13, LT-09311, Vilnius
Telephone No	+370 5 278 2260
Fax No	+370 5 278 2707
Email	info@baltpool.lt ; www.baltpool.lt
Type of activities	Energy resources exchange operator, administrator of PSO funds
Litgrid's shareholding	67%
Name	Tetas UAB
Legal form	Private limited liability company
Date and place of registration	08-12-2005, Register of Legal Persons of the Republic of Lithuania
Business ID	300513148
Registered office address	Senamiesčio g. 102B, LT-35116, Panevėžys
Telephone No	+370 45 504 618
Fax No	+370 45 504 684
Type of activities	Specialist transformer substation and distribution centre maintenance, repair and installation services, testing services, design of energy facilities
Litgrid's shareholding	100%

As of 30 June 2013, Litgrid's shareholdings in other companies are as follows:

LitPol Link Sp.z.o.o (Poland)	50% of shares and voting rights
Technologijų ir inovacijų centras UAB	20.36% of shares and voting rights
NT Valdys UAB	0.35% of shares and voting rights
Nord Pool Spot AS	2.04% of shares and voting rights plus a rotating member of the Board

Implementing the electricity sector reorganisation plan and following the Resolution of the Board of the Lithuanian transmission system operator Litgrid of 17 October 2012, Litgrid and Lesto signed a stock exchange agreement on 7 January 2013. Under this stock exchange agreement, Litgrid transferred the shares of Elektros tinklo paslaugos UAB owned by it, which accounted for 25.03% of this company's authorised capital, to Lesto company, in exchange of Tetas UAB stock transferred by Lesto, which accounted for 38.87% of the latter company's authorised capital. Upon acquisition of the shares, Litgrid became the sole shareholder of Tetas UAB.

Services provided by Litgrid Group of Companies

Litgrid as a transmission system operator provides the following services:

- electricity transmission;
- system (power reserving) services;
- trade in balancing and regulation power;
- provision of public service obligations (PSO).

Electricity transmission

The transmission service consists of the transmission of electricity via high-voltage (330-110 kilovolt, kV) installations. The electricity transmission system operator (TSO) forwards electricity from generators to customers or suppliers. Transmission of electricity is a regulated activity. Prices of electricity services are regulated, the price caps are determined by the National Control Commission for Energy and Prices. Performance of Litgrid is directly determined by the latter decisions.

The main purpose of a TSO is to manage a high-voltage power transmission network and to ensure a reliable, efficient, transparent and secure electricity transmission of high quality.

System (power reserving) services

In order to secure reliable operation of the system, Litgrid purchases the service of reserve power in the power generation facilities, services of managing reactive power and voltage, service of preventing accidents, interruptions and liquidating them and provides the system (power reserving) services to customers. A power reserve is required in those cases when power generation decreases or power consumption increases suddenly and unexpectedly.

Trade in balancing and regulation power

Litgrid is responsible for ensuring a balance between electricity generation and consumption in the country. Balancing energy is the electricity consumed/generated not according to the consumption/generation schedules. Litgrid organises trading in balancing energy, buys and sells balancing energy necessary to ensure the balance between electricity generation and consumption in the country.

Regulating energy is the electricity bought and/or sold as instructed by TSO for the purposes of balancing generation and consumption. Litgrid organises auction trade in the regulating energy. Participants in the auction include suppliers of the regulating energy and those TSOs of other countries which are in a position to effectively change the generation and consumption regimes and which have entered into a relevant agreement with Litgrid.

Public interest services

Public services obligations (PSO) in the electricity sector mean acts or omission to act in the electricity sector, directly or indirectly related with national energy or public security, safety and reliability of electricity system operation, reduction of negative environmental impact caused by electricity sector, diversification of energy resources and other purposes of harmonious electricity sector development stipulated in the Electricity Law. The list of PSO, the suppliers and the service provision procedures are approved by the Government of the Republic of Lithuania or an institution authorised by it in line with the public interest in the energy sector. The rules for the provision of PSO are laid down in the Procedure for the Provision of Public Service Obligations approved by Resolution No. 916 of the Government of the Republic of Lithuania of 18 July 2012.

Public service obligations provided by Litgrid include:

- implementation of strategic projects related to enhanced energy security by constructing power links with other states' electricity systems and (or) by connecting Lithuanian electricity systems with other states' electricity systems (international power links Lithuania-Sweden and Lithuania-Poland; integration of Lithuania's electricity system into the European Continental Network);
- connecting renewable energy power plants to the transmission network; optimisation, development and/or reconstruction of transmission network relating to receipt and transmission of electricity generated from renewable energy resources;
- balancing of electricity generated from renewable energy resources.

Administration of PSO funds

PSO funds are funds paid to the public service obligations providers. The rules for the administration of PSO funds are laid down in the Procedure for the Administration of the Funds of Public Service Obligations approved by resolution No 1157 of 19 September 2012 of the Government of the Republic of Lithuania. Until 1 January 2013, Litgrid as a transmission system operator performed the functions of the PSO funds administrator. By the Resolution No. 1338 of

the Government of the Republic of Lithuania of 7 November 2012, Baltpool UAB is appointed as the PSO funds administrator from 1 January 2013.

Grid maintenance and repairs

Tetas UAB, a subsidiary of Litgrid, provides the following grid facilities' maintenance and repair services:

- carries out maintenance and repairs of electric equipment in the grid;
- performs construction of new energy facilities and reconstruction of existing energy facilities;
- provides electric equipment designing services.

Tetas UAB carries out its activities according to ISO 9001:2008 and ISO 14001:2004. A quality management and environmental management system, implemented in 2007, is applied to the operation of electric equipment up to 400 kV and to the design and construction of projects classified as extraordinary structures.

Customers of the TSO

Direct customers of Litgrid include users of the transmission grid and suppliers of balancing and regulating electricity.

Users of transmission grid:

- Lesto, the distribution network operator;
- customers whose electric equipment is connected to the transmission grid and who purchase electricity for consumption;
- electricity generating companies.

Suppliers of balancing and regulating energy include electricity generating companies and suppliers.

Employees

As of 30 June 2013, Litgrid Group employed 675 people including Litgrid – 220, Tetas – 445, and Baltpool – 10. In the first half of 2013, staff turnover at Litgrid was 4.98%.

The payroll fund in the first half of 2013 amounted to 14,084 thousand litas.

	Number of employees as of 30 June 2013	Average pay, LTL
Blue-collar workers	254	1 710
Specialists	404	4 036
Managers	17	12 939
Total:	675	3 542

Staff educational attainment by employee groups as of the end of the period:

	30 June 2013	30 June 2012
Number of employees	675	692
educational attainment:		
higher education	362	367
further education	172	196
secondary/secondary vocational education	141	129

On 8 July 2013, a new collective agreement was concluded by and between Litgrid and the employees' trade union, which defines and ensures a fair policy of remuneration for work and establishes the social and economic relationship between the employer and the employees.

In 2013, Litgrid continued implementing the Programme for Junior Specialists launched in 2012. This year, two young experts specialising in engineering have been selected. Open-ended employment contracts are concluded with selected young specialists; if necessary, they are enabled to combine work and studies. A curator is appointed for each specialist.

Enhancing IT competences

Efficient IT solutions are becoming increasingly important for the company: information technologies have become an integral part of the electricity system planning and control as well as equipment control and maintenance. In line with

the provisions of the EU Third Energy Package, which requires separation of the electricity generation, transmission and distribution activities, Litgrid has assessed the need for independent management of its activities in the information technologies and communications (ITC) area. Until June 2013, all IT services were provided to Litgrid by Technologiju ir inovacijų centras UAB; however, having decided to develop the in-house IT competences and to meet the legal requirements set for a transmission system operator, formation of an IT division commenced in June 2013, by taking over the ownership, development and servicing of the main IT systems of the transmission system operator. It will ensure the continuity of Litgrid's IT solutions, security control and transparency of operations.

Corporate social responsibility

Litgrid's activities are based on the principles of social responsibility, sustainable development, transparency and advanced protection of the environment. The work performed by Litgrid is a precondition for successful functioning of the national economy, while the corporate long-term objectives and the strategic energy projects underway contribute significantly to the securing and consolidating the energy independence of the country.

The scope and significance of the projects implemented by the company encourage its management and employees to take guidance from the highest professional and ethical standards and to contribute to the process of increasing awareness and responsibility of the public as well as promoting the public welfare.

Our social responsibility policy is focused mainly on securing fair and motivating working conditions, enhancing responsibility and public spirit, providing thorough help for the society, in which we carry out our operations, to grow bigger and stronger.

We assign our efforts and resources to promote society's economic growth, to support communities, with which we work, to ensure motivating and improvement-promoting conditions for people working with us, to protect nature providing us with resources. We implement strategic projects of great value and historic significance, therefore we understand that great works bring great responsibility. Maintaining and encouraging a quality dialogue with society, for which and in which we operate, is the crucial priority of the daily activities of Litgrid.

Building greater social support and trust in the strategic electricity projects implemented by Litgrid, the company organised 36 meetings with Lithuanian population in the first half of 2013, which were attended by nearly 2 thousand people from various communities, including cities and the most remote rural areas. Promoting young generation's interest in energy engineer's profession, 6 target meetings with senior class students were held.

Environmental protection

Environmental impact assessment/screening procedures are carried out for the electricity transmission lines and transformer substations being designed. Conclusions drawn upon completion of these procedures are taken into consideration in the technical designs. Environmental protection requirements are set for the designing of new or reconstruction of existing electricity transmission infrastructure facilities. The aim is to minimise the impact upon the environment. In all tendering procedures there is a requirement that contractors have an environmental management system according to LST EN ISO 14001 in place; contractors are obligated to manage waste generated during construction and to provide documents proving such management activities.

Litgrid operates in accordance with the waste and wastewater management regulations as well as regulations governing the safe use of chemical substances; environmental requirements are established for both new facilities and facilities under reconstruction.

Responsibility for the management of waste generated during operation of energy facilities (transformer oils and waste related to the use of such oils, batteries etc.) lies with contractors that operate such facilities under contracts. Litgrid has taken out civil liability insurance for the damage to the environment in case of emergencies or equipment failure.

Information on research and development activities of the Group

Litgrid formulates its annual research and development programmes aimed at the development of the electricity system and at increasing the transmission network's efficiency. Energy facilities are being reconstructed, with old facilities replaced by new ones and with modern relay protection, system automation, control, data capture and transmission systems implemented. Facilities' construction and reconstruction plans are drawn up based on scientific research and studies and are updated on an annual basis.

Seeking to become an equal part of the European electricity system, the Baltic States not only coordinate their efforts in implementing the synchronisation-related strategic projects, but also see immense benefits of collaboration in the fields of research and development.

Main characteristics of internal control and risk management systems

Consolidated financial statements of Litgrid Group are prepared according to the International Financial Reporting Standards adopted by the EU. The internal control in place at the company covers control over the business processes related to service provision, the operation of information systems, and the drawing up of financial statements.

Drawing up of consolidated financial statements is governed by Litgrid's accounting policies and procedures that ensure that accounts of the company are kept in accordance with the International Financial Reporting Standards and the Lithuanian laws and regulations. Litgrid's procedures describe the potential risks related to accounting and drawing up of financial statements and the risk management principles and methods; persons responsible for the monitoring of risks are specified in the procedures.

Persons responsible for the risk management process have been appointed. The Internal Audit and Prevention Department assesses the corporate business processes and related risks on a regular basis and makes relevant recommendations to the company's management.

II. Financial Information

The table below presents the operating results of the Group and the Company.

	January – June 2013		January – June 2012	
	Group	Company	Group	Company
Financial indicators (LTL'000)				
Sales revenue related to electricity	223 884	223 634	209 895	209 710
Other revenue	33 767	3 372	24 949	3 692
EBITDA	96 782	98 563	76 770	75 896
Profit (loss) before tax	30 850	33 647	13 486	15 057
Net profit (loss)	26 461	28 909	11 254	12 836
Cash flows from core operations	91 218	95 115	63 491	70 961
Ratios				
EBITDA margin (%)	37,6	43,2	32,7	35,6
Average return on equity (%)	1,7	1,7	1,2	1,5
Average return on assets (%)	1,0	1,1	0,9	1,0
Shareholders' equity / assets (%)	60,8	64,0	63,0	63,4
Liabilities / equity (%)	40,3	32,0	43,4	42,4
Financial liabilities / equity (%)	11,0	10,5	0,0	0,0
Free cash flows / turnover (%)	33,1	39,5	31,9	38,8
Price / earnings per share (12 months)	18,74	-	-	-
TSO operating indicators				
Quantity of transmitted electricity, m kWh		4 624		4 555
Production costs in transmission grid (%)		2,27		2,20
END (energy not delivered), MWh *		5,25		1,00
AIT (Average Interruption Time), min. *		0,24		0,05

* Only for reasons attributable to the operator and for unknown reasons.

Revenue

Litgrid Group revenue in the first half of 2013 totalled LTL 257.7 m and has increased by 9.7% compared with the first half of 2012.

Transmission revenue increased 4% and amounted to LTL 113.8 m; this accounts for 44.2% of total revenue of the Group. In the first half of 2013, Litgrid delivered, via the high-voltage transmission grids, 4.624 m kWh of electricity, or 1.5% more compared with the first half of 2012.

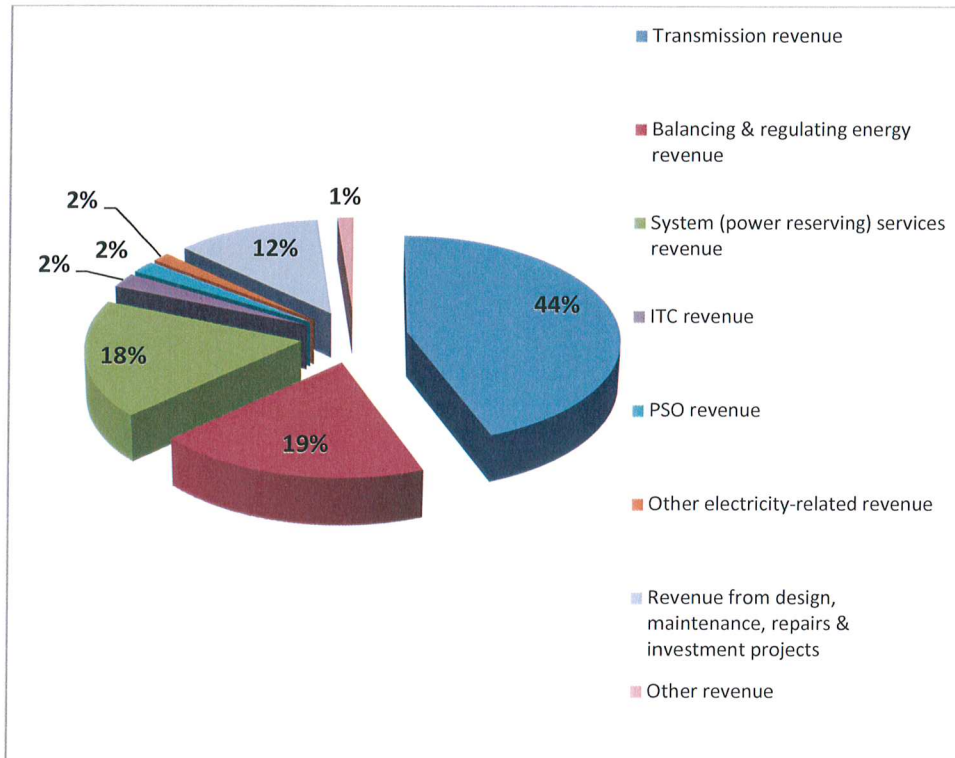
4.163 m kWh of electricity was delivered to Lesto, the distribution network operator (-0.4% compared with last year), and 460 m kWh to other customers (+23.4% compared with 2012). Higher demand for electricity by other customers was determined by uninterrupted operation of Orlen Lietuva oil refinery in the first half of 2013, which during the same period in 2012 consumed less electricity because of repair works carried out at the refinery.

Revenue from sale of balancing and regulating electricity decreased 2.4% down to LTL 48.8 m. Revenue from the system (power reserving) services increased 42.5% up to LTL 46.8 m. ITC revenue (fee paid for electricity imported/exported from/to countries outside the European Union) totalled LTL 5.8 m. PSO revenue totalled LTL 4.9 m.

Other electricity-related income: income from reactive energy, transit and connection of new customers totalled LTL 3.8 m.

Revenue from design, maintenance, repairs and investment projects increased 42.8% to LTL 30.4 m; other income decreased 7.9% down to LTL 3.4 m.

Revenue structure



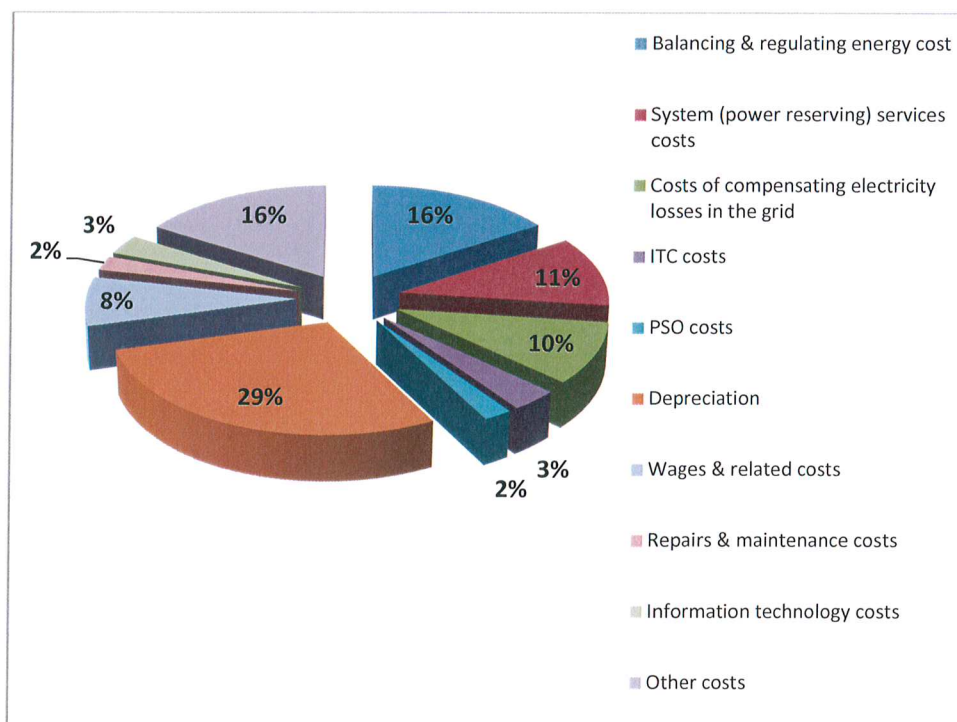
Costs

Costs of the Group totalled LTL 229.9 m in the first half of 2013, which means a 2.9% increase compared with the first half of 2012 (LTL 223.3 m).

Costs of purchase of electricity and related services account for the largest part of the Group's costs: LTL 97 m or 42.2%. Compared with 2012, a 8.9% decrease in such costs was recorded, including a 2.2% decrease in the costs of balancing and regulating energy (down to LTL 36.1 m), a 25.2% decrease in the system (power reserving) services costs (down to LTL 25.9 m), a 10.3% increase in the electricity purchase costs to cover production loss in the transmission network (up to LTL 22.6 m), a 7.4% decrease in transit (ITC) costs (i.e. participation in the transit compensation mechanism for the European TSOs) (down to LTL 7.8 m) and a 23.8 decrease in the PSO provisions costs (down to LTL 4.7 m).

Depreciation and amortisation costs increased 4.1% up to LTL 65.7 m; costs of other activities increased 25% up to LTL 67.3 m.

Cost structure



Profit

Profit before tax of the Group totalled LTL 30.8 m in the first half of 2013, whereas in the first half of 2012 a LTL 13.5 m profit before tax was earned.

Profitable operations of the Group in 2013 compared with 2012 were mainly determined by higher income from system (power reserving) services (by LTL 13.9 m), lower system (power reserving) services costs (by LTL 8.7 m).

The Group's EBITDA in the first half of 2013 totalled LTL 96.8 m, which is a 26.1% increase compared with 2012 (LTL 76.8 m). The EBITDA margin increased to 37.6% (2012: 32.7%).

Balance sheet and cash flows

As of 30 June 2013, assets of the Group totalled LTL 2483.6 million. Fixed assets of the Group accounted for 84.9% of its total assets. Shareholders' equity share in the Groups assets decreased down to 60.8% as of 30 June 2013.

As of 30 June 2012, the Group's financial liabilities to credit institutions amounted to LTL 166.7 m; the ratio between financial liabilities and equity was 11%. Financial debts payable after 1 year accounted for 70.4% of total financial liabilities. Cash and cash equivalents totalled LTL 80.2 m, including LTL 72.3 m as an amount reserved for the implementation of the NordBalt link project (PSO funds and EU grants). The company has disclosed the balance of the PSO funds administered by Baltpool, i.e. LTL 42.6 m, kept in a bank account, as "Other Current Financial Assets".

In the first half of 2013, the Group's net cash flows from operations totalled LTL 91.2 m (2012: LTL 63.5 m), payments for fixed tangible and intangible assets acquired amounted to LTL 66.9 m (2012: LTL 42.1 m). Dividend totalling LTL 45 m was paid in the first half of 2013.

Net cash flows of the Group excluding cash flows from financial activities and cash flows to term deposits and investment held to maturity totalled LTL 85.3 m in the first half of 2013 (2012: LTL 75 m).

Operating indicators of TSO

According to the electricity transmission reliability and service quality requirements approved by the NCC, two indicators are used to determine the electricity transmission reliability: END (energy not delivered) and AIT (average interruption time). The following minimum indicator values were set by the Commission for 2013: END – 5 MWh (actual: 5.25 MWh in the first half of 2013), AIT – 0.26 min. (actual: 0.24 min.).

Investments in fixed assets

The major part of the Group's investments was made into strategic projects implementation; LTL 37.4 m. It accounted for 60% of total investments. Investments into the reconstruction and development of the transmission network: LTL 24.8 m (40% of total investments).

Risks

Political risk

Electricity sector has vital importance for the economy and profound influence over the national political and economic interests. The structure and management of the electricity sector and the activities of enterprises operating in the sector are governed by the Republic of Lithuania Law on the Electricity System and the related regulations. Any amendments to the relevant national laws or the European Union energy legislation can affect the operating results of the Litgrid Group.

Financial risks

Companies of Litgrid Group face financial risks in their operations such as credit risk, liquidity risk and market risk (including currency exchange risk, interest rate risk and securities' price risk). By managing these risks the companies seek to minimise the effects of such risks on the Group's financial results. Risk management is performed by the Financial Planning and Analysis Division of the Company, acting in accordance with the Treasury Management Procedure approved by the Litgrid Board.

Information about financial risks and their management is presented in Note 33 to the Consolidated and the Company's Financial Statements for 2012.

Technical risk

The Lithuanian energy system is interrelated with the neighbouring energy systems by a number of connecting lines. The available means to manage capacities and energy balances are limited, whereas the power and energy control itself is a complicated task.

About 50% of the equipment in the TSO's transformer substations is older than 25 years; 35% of all 110 kV overhead lines and 24% of all 330 kV overhead lines are older than 45 years. Failures or breakdowns of the main facilities used by Litgrid in its operations can have a negative impact on the Company's financial results.

Environmental risk

Companies of the Group work in accordance with the environmental regulations that provide for appropriate marking, use and storage of dangerous materials and ensure that all the equipment used meet the requirements set for them. Operation of facilities representing an increased risk to the environment due to pollutants or waste complies with the conditions laid down in the Integrated Pollution Prevention and Control Permits issued by regional environmental protection departments.

References and explanations concerning information provided in the Consolidated Financial Statements

More detailed explanations of financial information are provided in the Explanatory Notes to the Financial Statements for the first half of 2013.

Dividend policy

The Government of the Republic of Lithuania, which controls 97.5% of the shares in Litgrid indirectly, through EPSO-G UAB, has established the principles of dividend payment for the state-controlled shares by its resolution No 20 of 14 January 1997 (new version of resolution No 359 of 4 April 2012). The general meeting of Litgrid's shareholders held on 24 April 2013 resolved to pay dividend totalling LTL 45 m, or LTL 0.089 per share.

III. Information about share capital and shareholders

Litgrid has not purchased own shares and no own shares were acquired or transferred in the reporting period. Subsidiaries of the company have not acquired shares in the Company either.

On 16 November 2010, the authorised capital of LTL 504,331,380 was registered in the Register of Legal Persons of the Republic of Lithuania. The authorised capital has been divided into 504,331,380 ordinary registered shares of one Litas par value each. All the shares are fully paid and grant equal rights to the shareholders. Since 22 December 2010, Litgrid's shares are included in the Auxiliary Trading List of NASDAQ OMX Vilnius, issue ISIN code LT0000128415.

As of 30 June 2013 the Company has 5,721 (five thousand seven hundred twenty one) shareholders. Under the provisions of the EU Third Energy Package, on 28 September 2012 Litgrid as a transmission system operator was separated from other companies in the energy sector. The shares in Litgrid that had been held by Visagino atominė elektrinė UAB were transferred to a newly formed state-controlled company EPSO-G wholly owned by the Ministry of Energy of the Republic of Lithuania. As of 31 December 2012, EPSO-G UAB (A.Juozapavičiaus g. 13, LT-09310 Vilnius, business ID 302826889) held 491,736,153 ordinary registered shares in the Company, i.e. 97.5% of the authorised capital.

On 25 October 2011, Litgrid and AB SEB bankas concluded an agreement on accounting for securities of the Company and the securities-related services. The agreement expired on 1 February 2013.

On 28 December 2012, Litgrid and Swedbank, AB concluded an agreement on accounting for securities of the Company and the securities-related services from 1 February 2013 until 31 January 2016.

Securities of the Company's subsidiaries are not traded in security exchanges.

Trade in Litgrid securities in the regulated markets:

Indicator (January - June)	2012	2013
Opening price, LTL	1,391	1,813
Highest price, LTL	2,365	2,013
Lowest price, LTL	1,391	1,813
Closing price, LTL	1,813	1,954
Average price, LTL	1,699	1,943
Turnover, units	1 081 739	356 882
Turnover, LTL m	2,143	0,692
Capitalisation, LTL m	914,35	985,46

Turnover and price of Litgrid shares during the period from the start of trading in the shares on 22 December 2010 until 30 June 2013:



Litgrid share price, LTL

Turnover, LTL

Comparison of Litgrid (LGD1L) share price with OMX Baltic Benchmark GI (OMXBBGI) and OMX Vilnius (OMXV) indexes during the period from the start of trading in the shares on 22 December 2010 until 30 June 2013:

Baltic market indexes



The Articles of Association

Amendments to the Articles of Association of Litgrid may be made according to the procedure established by the Republic of Lithuania Law on Companies. Decisions can be adopted by at least 2/3 majority vote of shareholders attending the meeting.

The General Meeting of Shareholders

The general meeting of shareholders is the supreme management body of the Company.

The scope of competence of the general meeting of shareholders, the procedures for its convention and adoption of decisions are established in the laws and regulations and the Articles of Association of the Company.

The Supervisory Board

The Supervisory Board is a permanent collegiate body supervising Company's activities.

The Supervisory Board reports to the General meeting of members.

The Supervisory Board is headed by its chair elected by the Supervisory Board from among themselves.

The Supervisory Board is formed of three members, including the chair of the Supervisory Board. Independent members¹ are also eligible to the Supervisory Board. The Supervisory Board is elected for the term of office of four years. The term of office starts after closing of the general meeting of shareholders at which the Supervisory Board was elected.

When proposing candidacies to the Supervisory Board members, a shareholder (his/her representative) must provide written information to the general meeting of shareholders on the candidate's qualifications, experience and fitness for the Supervisory Board members' position, including information on satisfaction of the requirements established in the Articles of Association of the Company, supported by conclusions of competent authorities and (or) other documents certifying compliance with such requirements.

Areas of activities of the Supervisory Board

The competences of the Supervisory Board include monitoring implementation of the Company's strategy and transmission system development plan; submitting feedback and recommendations to the general meeting of shareholders on the implementation of the Company's transmission network development plan; submitting feedback and recommendations to the Company's Board and general meeting of shareholders (if respective issues are discussed at the general meeting of shareholders) regarding the resolutions of the Company's Board specified in these Articles of Association; making decisions regarding the agreements stipulated in the Articles of Association with Company's Board members and chair of the Board on their activities in the Board, establishment of typical terms and conditions of such agreements and appointment of a person authorised to sign such agreements on behalf of the Company; making decisions on the remuneration payable to Board members (if any remuneration is decided to be paid); ensuring effective internal control system in place in the Company.

¹Independence of a member of the Supervisory Board (or its Committee) is determined following the procedure established by the legislation applicable to the Company, and if no such procedure is established, the Company's Supervisory Board shall decide on independence of a member of the Supervisory Board (or its Committee).

The Board

The Board is formed of five members for the term of office of four years. The term of office starts after closing of the general meeting of shareholders at which the Board was elected and ends on the date of the general meeting of shareholders held in the last year of the term of office of the Board.

If the Board or any member thereof is recalled, resigns or ceases performing its/his/her duties for any other reason prior to the end of the term, the new Board or the new members is elected for the period equal to the remaining term. When proposing candidacies to the Board members, a shareholder or his/her representative must provide written information on the candidate's qualifications, experience and fitness for the position, including information on satisfaction of the requirements established in the Articles of Association of the Company, supported by conclusions of competent authorities and (or) other documents certifying compliance with such requirements.

The Board members elect a chairperson from among themselves.

The Board acts in accordance with the laws and regulations, the Articles of Association, resolutions of the general meeting of shareholders, and regulations of the Board.

The Board is a collegiate management body. Its scope of competence and the procedures for the passing of resolutions and election and recalling of members are established in the laws and regulations and the Articles of Association of the Company.

The Board reports to Supervisory Board and the general meeting of shareholders.

Areas of activities of the Board

The Board considers and approves the three-year action plan for the Company's strategy implementation, the ten-year plan of development of the Company's transmission networks, Company budget, the procedure of assigning support and charity, other documents regulating strategic activities of the Company.

The Board adopts decisions on starting new type of activities by the Company or ceasing specific activity, provided it does not contradict with the operating goal of the Company. The Board adopts decisions related with the issue of debentures, restructuring of the Company, transfer of Company's shares to other persons, decides on transactions over LTL 10 m in value. The Board deals with other issues attributed to its competence by the Articles of Association of the Company.

Areas of activities of the Head of the Company

The Chief Executive Officer is a single-handed managerial body of the Company. The Chief Executive Officer organises activities of the Company, acts on its behalf, and concludes transactions on a single-handed basis.

The scope of competence and the procedures for the election and recalling of the Chief Executive Officer are established in the laws and regulations and the Articles of Association of the Company.

Members of the Supervisory Board, the Board, the Chief Executive Officer and the Chief Financier of Litgrid:

Position	Name	Start date	End date	Number of shares in the issuer
The Supervisory Board				
Chairman of the Board	Aleksandras Spruogis	2013-04-24		-
Board member	Audrius Misevičius	2013-04-24		-
Board member	Violeta Greičiuvienė	2013-04-24		-
The Board				
Chairman of the Board	Arvydas Darulis	2011-11-03	2013-01-25	-
Board Member	Violeta Greičiuvienė	2010-10-28	2013-04-24	-
Board Member	Virgilijus Poderys	2010-12-08		-
Board Member	Viktorija Sankauskaitė	2011-11-03	2013-05-16	-
Board Member	Valentinas Pranas Milaknis	2011-04-01		-
Chief Executive Officer	Virgilijus Poderys	2010-12-08		-
Chief Financier	Svetlana Sokolskytė	2012-07-02		-

Members of the Supervisory Board of Litgrid

Aleksandras Spruogis, Chair of the Supervisory Board

Born in 1963. Faculty of Construction of Vilnius Engineering Construction Institute in 1980–1985, engineer's-constructor's qualification (diploma with honour). Faculty of Environment Engineering of Vilnius Gediminas Technical University in 1991–1992, Master's degree of environment engineering. In 1996, degree of the doctor of science of environment engineering at Vilnius Gediminas Technical University. Scientific worker at the scientific research laboratory of the environment and working conditions at Vilnius Engineering Construction Institute (present Vilnius Gediminas Technical University), assistant of the Environment Protection Department in 1990–1997, chief advisor to the Environment protection committee of the Seimas, chair of the Seimas' advisors panel in 1997–2003. Secretary to the Ministry of Environment in 2003–2009, Chief advisor to the Ministry of Environment in 2009–2009, Vice-Minister of Environment in 2009–2012.

Audrius Misevičius, Member of the Supervisory Board

Born in 1959. Economist's qualification recognised by Vilnius University in 1982. Dissertation in acquiring the degree of doctor of social sciences at St. Petersburg Institute of Finances-Economics. Title of the Associated Professor of Vilnius University in 1993. Professional activities: apprentice at the Department of Finances, Vilnius University, later assistant, later associated professor in 1982–2005. Deputy Minister of Social Security in 1990–1992. Minister of Finances in 1992; Assistant-Secretary to the Member of the Seimas of the Republic of Lithuania a. Rudys; Financier at Stern von Litauen AG in 1993–1995; Head of Tax Department of General Partnership J. Kabašinskas and Partners in 1996; Deputy Chair of the Board of the Bank of Lithuania in 1996–2013, later member of the Board; Advisor to the Prime Minister of the Republic of Lithuania since 2013; Board Member of the State enterprise Indėlių ir investicijų draudimas and Curator of Lithuanian Mint in 1998–2013.

Violeta Greičiuvienė, Member of the Supervisory Board

Born in 1972. Faculty of Business Management at Vilnius Gediminas Technical University in 1990–1996. Chief specialist of Nuclear Energy Division, Energy Development Department of the Ministry of Economy of the Republic of Lithuania in 1997–2004. Head of Ignalina NPP Problems Coordination Division of the Energy Development Department, Ministry of Economy of the Republic of Lithuania in 2004-2005. Nuclear Energy Attaché of the Republic of Lithuania to the permanent representation of the Republic of Lithuania to the International Organisations in Vienna in 2005–2010. Head of Strategic projects Division of the Ministry of Energy since 2010.

Members of the Board of Litgrid

Valentinas Pranas Milaknis, Independent Board Member

Born in 1947. Graduated from the Faculty of Device Manufacture, Vilnius Branch of Kaunas Polytechnic Institute in 1970, radio engineer's diploma. Engineer and Deputy Chief Engineer at the Communal Facilities Design Institute in 1971–1989. Director of Alna AB in 1989–1999. Minister of the Economy of the Republic of Lithuania in 1999–2000. Director General of the Lithuanian Radio and Television in 2001-2003. President of Alnos biuro sistemos UAB in 2003–2007. Chairman of the Board of Alna Group 2007–2009. Advisor to the Prime Minister of the Republic of Lithuania and Chairman of the Committee on Improvement of Governance in 2009–2010. Since 2011, Member of the Board of Alna UAB.

Virgilijus Poderys, Board Member and Chief Executive Officer of Litgrid

Born in 1961. Faculty of Physics of Vilnius University in 1979–1984. The Baltic Management Institute and Vytautas Magnus University in 1999–2000. Chairman of the State Securities Commission in 1997–2006. Financial Advisor to the Prime Minister of the Republic of Lithuania in 2006-2007. Chairman of the National Control Commission for Energy and Prices in 2007–2009.

No remuneration for work in the Board was paid to the Chief Executive Officer. The independent member of the Board received LTL 9,150 for the year. No remuneration for work in the Board or Supervisory Board was paid to other Board Members or Supervisory Board Members, respectively. During the reporting period, total amount of pay to the Chief Executive Officer and the Chief Financier was LTL 176,362, with the average pay per person (the Chief Executive Officer and the Chief Financier) being LTL 88,181.

Transparency

The Company complies with basically all provisions of Sections IV-VIII of the Transparency Guidelines except:

- the Company does not publish managers' and employees' salaries;
- the Company does not specify the average monthly pay by divisions in the Annual Report.

Notices of material events published by Litgrid in the first half of 2013:

2013.06.28	Resolutions Adopted on June 28, 2013 at the Extraordinary General Shareholders Meeting of LITGRID AB
2013.06.06	Convocation of Extraordinary General Meeting of Shareholders of LITGRID AB
2013.05.30	Regarding key court ruling in LitPol Link project
2013.05.30	Regarding announcement of amendment of Procedure on Changes in Prices of Electricity Transmission Service, Tariffs and their Application
2013.05.29	Litgrid's 2013 Q1 results keeps up with successful previous year
2013.05.17	Information regarding the notification of resignation
2013.05.16	LITGRID AB Dividend Payment Procedure for 2012
2013.05.13	A Chairman of LITGRID AB Supervisory Board has been elected
2013.05.07	Amended Articles of Association for LITGRID AB Have Been Registered
2013.05.06	LITGRID AB Supervisory Board Registered
2013.04.26	Concerning appointment of the electricity transmission system operator
2013.04.24	Resolutions Adopted on April 24, 2013 at the Ordinary General Shareholders Meeting of LITGRID AB
2013.04.24	Annual Information Approved by LITGRID AB's Ordinary General Shareholders Meeting
2013.04.18	Draft decisions of LITGRID AB ordinary general shareholders meeting
2013.03.27	Outstanding results in 2012 for Litgrid
2013.03.27	Notice of Convention of Ordinary General Meeting of LITGRID AB Shareholders
2013.02.28	LITGRID AB announces interim activity results for 2012
2013.02.15	LITGRID and ABB signed an agreement for design and construction of LitPol Link HVDC converter station
2013.02.15	LITGRID and ABB today signs an agreement for construction of LitPol Link HVDC converter station
2013.01.25	Information regarding the notification of resignation
2013.01.23	Artūras Vilimas Appointed President of the Management Board and CEO of LitPol Link
2013.01.08	Litgrid Becomes the Only Shareholder of UAB Tetras

Complete information on all material events published in the first half of 2013 is available at the website of Vilnius Stock Exchange www.nasdaqomxbaltic.com/market/?pg=news and on the Company's website www.litgrid.eu.